



Inequality and the top 10% in Europe

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Preface

Preface

There are times when it appears to be that almost everything is changing. Now might well be one of those times. This excellent and very comprehensive report details the concerns and desires of the best-off 10% of people in four European countries as measured before there was any hint of the current crisis caused by the 2020 pandemic. It combines careful quantitative and qualitative evidence to make a series of well-grounded and place-sensitive policy suggestions. The eight authors explain how the best-off in Europe are yet to be at all convinced that their take is disproportionate, or that their taking so much causes huge problems for others. It explains that Europe's highest paid and otherwise remunerated are much more sympathetic to issues such as racial inequality, gender inequality, and wealth inequality; and that making reference to these issues was more likely to garner some sympathy from the top 10% rather than directly pointing out the inequities of some people being paid so much more than others. We have been taught to believe that 'we are worth it.'

It is, of course, pointless to suggest that a single individual should sacrifice themselves, returning a portion of their income as some show of their piety. Apart from anything else, who would much notice? What brings income inequality down both effectively and equitably is greater proportional taxation or equivalent universal caps on extravagance. And when this is done, when the top 10% become less well-off together, they hardly notice it. They can live in the same houses, still hold the same rank position, but with less money, they are less wasteful. As this report shows, they are also safer, in Sweden the top 10% weathered the 2008 crash far better than elsewhere in Europe.

As this report goes on to show in great detail, the top 10% rely on public services as much, if not more, than everyone else. Without public higher education, their businesses could not function, their children would not be educated, their lives would be less enriched. This is the group who make by far the greatest use of public health services because they live the longest and are least likely to die a quick death at a younger age. Instead it is the best-off 10% who stagger on for the greatest time with the highest number of comorbidities. We at the top might wish for a more equitable future if those of us in this group thought a little more about how our final year of life might be like; often being cared for by people in the lowest 10% pay band in care homes (our successful children having migrated far away).

Finally, on top of all the recommendations made in this very detailed report I would like to add one more. That people in the top 10% are encouraged to think of their future grandchildren or great-grandchildren, or their great nieces and nephews if they do not have children. And think of the one that has least luck in life, who is ill on the day of the exam; whose marriage falls apart; who starts a business the year before unforeseen economic events bring it tumbling down. Rising into the top 10% is as much a matter of luck as falling a long way out of it is. Even if you do not give a damn for anyone you are not related to, a more equitable future society will protect both you in your old age, and your family long after you are dead. The alternative is not just inequitable – it is ignorant.

Professor Danny Dorling

University of Oxford, June 2020.

Executive summary

Executive summary

Even before the arrival of the pandemic and current uncertainties about the length and severity of its accompanying recession, those who, in principle, should have felt secure were already struggling financially or expressing uncertainty about their own and their children's futures. This study explores this phenomenon, set to become even more intensified after the pandemic, by examining the financial position and attitudes towards inequality amongst the top 10% income earners¹ in four European countries: the UK, Sweden, Spain, and Ireland.

The research itself involved quantitative data analysis and conducting interviews with sample populations in the four countries. Many studies of inequality have concentrated on the status of the wealthiest 1% versus the other 99%. The purpose of this project was to analyse the relative economic position and perceptions of economic security and inequality of, not only the top 1%, but the remaining segment of the top 10% too. The project also explores what this population believes should be done, if anything, about inequality in general and to help themselves and their families.

Although they were politically engaged in all four countries, respondents expressed disaffection with politicians and political parties. Almost all respondents voted regularly, but very few wanted to become more actively involved. They almost overwhelmingly rejected populist politics and racism.

The four countries in the study are characterised by distinctive economies, welfare policies and experiences of the 2007/8 financial crisis. Sweden is a go-to example of a social democratic welfare model. At the same time, though relatively unaffected by the 2007/8 crisis compared to the other three countries, Sweden possesses one of the fastest rising inequality rates among OECD (Organisation for Economic Co-operation and Development) countries. The UK, after a decade of public spending cuts and Brexit, is undergoing a democratic crisis and has a protracted problem of low productivity and regional imbalances. Ireland has recovered from the financial crisis, with higher growth rates than most other EU countries. However, as a small island reliant on foreign direct investment and international financial flows, Ireland is also the most exposed of the four countries to external shocks. Spain, with a much slower recovery from the financial crisis than Ireland, faces ongoing structural unemployment, relatively low wages, and a limited capacity to redistribute through taxation and public spending.

The report brings together research from four leading think tanks with expertise on inequalities and living standards. It contains cross-country study of economic and social trends with analysis of EU-SILC (European Survey of Income and Living Conditions), ESS (European Social Survey), and national survey data. Individual country chapters use similar quantitative analysis and policy contexts to inform the findings from over 110 semi-structured interviews with members of the top 10%.

The report found that members of the top 10% across the four countries believed that:

1. Meritocratic narratives explain inequality

- Education was seen as the best means of reducing inequality, and, conversely, the absence of good educational opportunities was often identified as the principal explanation for poverty and lack of social mobility.

¹ From this point on in the report, any reference to the 'top 10%' refers to the top 10% of income earners.

- In Sweden, these narratives also included the association of poverty with migration and lack of integration.

2. Inequality generates insecurity

- In the UK, respondents feared political polarisation around Brexit.
- Younger generations, especially in Ireland, were concerned about their ability to buy a house and settle down.
- Parents (especially in the UK and Spain) were fearful about their children's future economic well-being.

3. Current levels of inequality require effective policy responses from the state

- Respondents supported redistribution but with the condition that taxes target the highest income earners, which do not include them. However, most were ambivalent towards taxes on wealth: they supported these taxes, but often opposed inheritance tax, wanting to leave something for their children.
- The Swedish respondents consistently supported their extensive welfare systems.

4. The top 1% is moving further away from the rest of the population

- The top 10% do not think of themselves as 'rich.' They compared themselves to – but rarely interacted with – those in the top 1% or 0.1%.
- Swedish high-income earners were the least affected by the 2007/8 financial crisis and did not convey the same financial insecurity as their counterparts in other countries.

Policy responses

There are two roads to follow: the top 10% can either stockpile every possible advantage for themselves and their children to ensure social reproduction or contribute to a common safety net that benefits everyone. For the latter to be more likely, it is crucial to make the point that they cannot isolate themselves forever from mounting inequality; even they could be left behind. Greater public investment would address their anxiety but also engender social solidarity, create stronger social ties across income groups and generations, reduce inequality, and underpin a clearer sense of public good. Public spending would correspondingly become destigmatised and linked to notions of shared citizenship. Shared citizenship, in turn, challenges acceptance of social distance.²

Governments could further reduce this distance through policies that promote civic engagement, mixed schools, and activities that bring together residents of different areas. Finally, based on the surprise shown by many of the respondents as to their relative economic position, data about inequality and taxation could become more available so that income distribution levels, not to mention wealth, would become more widely known.

² Please note that 'social distancing' is here understood in its sociological sense, and not in terms of the public health measure used in the pandemic.

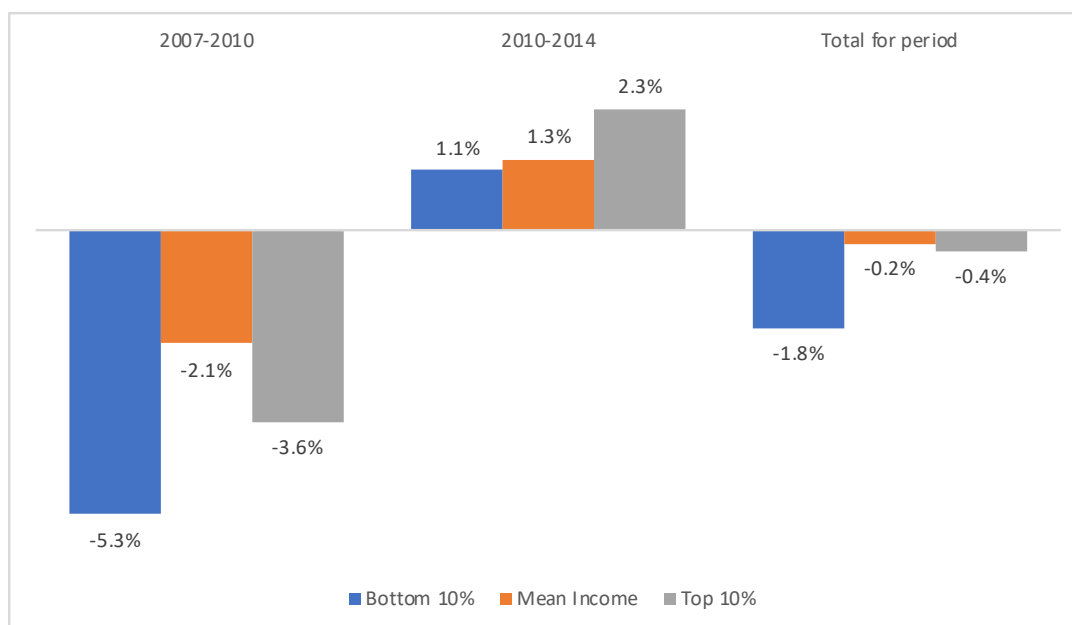
Introduction

Introduction

While this report was researched before the 2020 global pandemic, its findings should inform ongoing research into winners and losers of the current crisis and its impact on pre-existing inequalities. This report specifically analyses the characteristics and attitudes towards economic inequality of the top 10% income bracket and how they changed after the 2007/8 global financial crisis. The report focuses on four European countries – the UK, Sweden, Spain, and Ireland, which are characterised by distinctive economic histories, social welfare regimes, and responses to the crisis. The comparison is intended to explore the impact of austerity measures, where present, the economic downturn and the strength of the welfare state, on both the relative economic position of high-income earners and their attitudes to inequality and social solidarity. More specifically, the report discusses their views on economic inequality, meritocracy, taxation, party politics, and state responsibility for social problems. As this population tends to vote regularly and tries to influence policy, their opinions are important to consider in thinking about how to reduce inequality, and in a post-pandemic world, generate greater solidarity across different socio-economic groups.

The aim of the report is to explore how this population perceives its position relative to those earning more and those earning less than it does and how it interprets its professional achievements. While the top 10% of income earners had their income drop in the first years of the 2007/8 economic crisis, they experienced a much faster and steeper recovery in the following years – which the rest of the population did not [see figure 1].

Any improvement in the financial position of the top 10% occurred in the context of welfare reforms, underfunding for public services and competition from the private sector, and a narrative of austerity that often questioned the viability and necessity of state intervention. For instance, welfare reforms in Ireland, Sweden and the UK aimed to push recipients into work and become more 'responsible' for their financial situation (see Crisp, 2008). The purpose of this approach to welfare reform was to give: "individuals the wherewithal to empower themselves and lift themselves out of hardship and precarity" and to create, "a smaller, more economically efficient state" (Donoghue and Edmiston, 2020:24). At the same time, governments in each country incentivised, or at least did not disincentivise, increased use of private health services and education, which favoured higher income groups (Oxfam, 2014). For example, in Sweden, the coalition government led by the conservative Moderate Party (2006-14) introduced tax credits for the hiring of domestic services and encouraged free schools, despite growing criticism of the latter based on their questionable academic performance and their role in social segregation (Wiborg, 2010).

Figure 1: Real disposable income growth by income group 2007-2014, OECD average

Source: OECD, 2016.

Despite overall income gains among the top 10% since 2008, much of this increase has been disproportionately concentrated within the top 1% (OECD, 2014; Corlett *et al.*, 2017). The top 10% encompasses billionaires, corporate executives, doctors, partners at city firms, civil servants, and headteachers. Studying it as a single unit does not reveal enough about its internal diversity. The report opens the 'black box' of the top decile to explore the range of experiences amongst those in the top 10%, especially in relation to those who do not belong to the top 1%. The country chapters go into much further detail on these experiences, as they have differed across national contexts.

The specific objectives of the report are to investigate the following:

1. Who the top 10% are, especially those below the top 1%, and whether their financial position changed between 2009 and 2019;
2. How members of this population perceive their economic security and financial position in comparison to the wealthiest households and the rest of society;
3. If conventional narratives of meritocracy and social mobility are still relevant for explaining career success;
4. How the top 10% views state responsibility for reducing inequality through mechanisms like taxation and investment in public services;
5. Correspondingly, how much trust high-income earners have in political parties to address social problems related to inequality.

The research itself consisted of 110 semi-structured interviews across the four countries and cross-country analysis of both quantitative data on the occupation; income, and wealth of the top 10% and

survey data on attitudes towards relevant issues such as economic security. The quantitative data analysis informed the interviews, which in turn influenced the policy recommendations outlined in the conclusion. Because the qualitative research extended across four countries and thus could not be entirely representative of the top 10%, the interview sample was based on income and largely controlled for age, occupation, and position. The sample did try to account for the imbalance between men and women in the top 10% (see methodology). Close analysis of the interviews revealed how respondents of different generations and occupations understood the relationship between inequality and redistribution, and how this relationship affected their own position. Moreover, the intention of the interviews was to ascertain views as a group, rather than internal divergences, which could be addressed in a larger, separate piece of research.

In brief, the interviews found that a majority of respondents did not consider themselves 'rich.' However, with the exception of Ireland, most of the interviewees regarded themselves as relatively secure financially. Many of the interviewees did worry about the economic and political future of their country and the opportunities available to their children. Though most vote regularly and a good number donate to charities, few have time to participate actively in their local communities. Perceptions of social division differed between national contexts; for instance, in Sweden, discussions on inequality quickly transformed into debates over migration and integration in a way that was less common in the other three countries. Finally, interviewees generally felt that they had succeeded in their careers and believed they had merited their success through hard work, even if family circumstances had provided educational and job opportunities. However, they did support, almost overwhelmingly, investment in public services that would provide a fairer society, so that everyone had the same chances they had as children and that everyone could achieve greater economic security and, ultimately, live better lives.

Methodology

The secondary quantitative data analysis relied on the European Union Statistics on Income and Living Conditions³ (EU-SILC) and the European Social Survey⁴ (ESS), plus relevant national sources. EU-SILC data is cross-national and allows for comparative analysis of the incomes of individuals and households in the EU, as well as of their spending patterns on housing, their perceived capacity to make ends meet, and their socio-demographic characteristics. The ESS, especially in its modules of 2008 and 2016, is the most comprehensive and well-established European-level survey on attitudes towards inequality, redistribution, and the welfare state. Nevertheless, an important limitation of the ESS is that it captures income in the form of self-reported net monthly earnings per household, and only at the level of deciles, which means it can not be used to detect differences within the top 10%.

Be that as it may, the analysis of statistical data allows for examining changing patterns of inequality in the sampled countries, especially comparing the top 10% to the rest, and in the case of EU-SILC, with the top 1%.⁵ The next chapter looks at trends in the level of income concentration since the financial crisis, employment characteristics, cost of living, and this population's attitudes towards redistribution.

The qualitative interview data took into account the position of respondents within the income distribution, such as the top 10% versus the top 3%. Though the sample is not representative of the entire 10% in each country, the researchers purposively balanced public versus private sector employment

3 European Union Statistics on Income and Living Conditions - Eurostat

4 European Social Survey | European Social Survey (ESS)

5 However, as shown in chapter 2, EU-SILC as a source is 'output' rather than 'input' harmonised, and the countries that undertake it employ both survey and registry sources, which has important implications for the comparability of the data, especially at the very top.

and professionals versus managers, guided by the proportion of members of the top 10% who are part of each occupational category in each country (EU-SILC, ISCO 2-digits).⁶ So, for instance, in the UK, as around 9.2% of the top 10% are healthcare professionals, and 23.9% work in business administration, these categories had two and seven interviews assigned, respectively.⁷ Occupation reflected trends in social mobility and income distribution and could illustrate contrasts between generations and the effect of the global economic shock and longer-term national economic policies.

The next section discusses, in more depth, the rationale for examining the views of the top 10% and their relative economic position.

Why care about the views of the top 10%?

Income inequality, perpetuated by labour market trends, is not anodyne. A growing body of evidence shows that unequal societies lag behind more equal ones on a broad swathe of social well-being measures, notably worse health outcomes and lower levels of trust and social mobility (Wilkinson and Pickett, 2010; 2019). Rachel Sherman (2017), Daniel Edmiston (2018), Matthew Stewart (2018) and Aaron Reeves *et al.*, (2017) have all highlighted how economic elites create social distance between themselves and the bottom 90% and attempt to pass this distance onto their children. Their methods for the latter include hiring consultants to assist in making educational choices and employing tutors to improve their children's academic performance, as well as ensuring participation in extracurricular activities attractive to university admissions committees. Friedman and Laurison (2019) have argued that this kind of upbringing, and parental ambition, can provide intangible 'cultural capital' that makes their children more likely to 'fit in' in elite professional settings.⁸

For some students of this population, economic elites wilfully ignore inequality. In an article for the American magazine *The Atlantic*, Matthew Stewart hones in on the bottom 9.9% of the top 10%, the same percentage of the population targeted in this report. He savages the beneficiaries of contemporary 'meritocracy' (including himself), stating: "[w]e are the principal accomplices in a process that is slowly strangling the economy, destabilizing American politics, and eroding democracy. Our delusions of merit now prevent us from recognizing the nature of the problem that our emergence as a class represents" (Stewart, 2018). Edmiston (2017) develops a similar argument, based on analysis of 50 interviews with men and women in New Zealand and the UK who are either in full-time employment and live in prosperous neighbourhoods or who are unemployed, earning below the poverty line and living in areas characterised by high deprivation. Edmiston concludes that the more affluent interviewees

6 The International Standard Classification of Occupations (ISCO) is a classification structure used by the International Labour Organisation (ILO). It can range from one to four digits depending on the specificity required. For instance, ISCO-1 digit code 2 refers to Professionals, and ISCO-2 digit code 21 refers to Science and Technology Professionals.

7 The sample in Sweden has not used the occupational categories in this way. Please see the Swedish chapter.

8 Within Europe, several surveys have explored the significance of the 'transnationalism' of elites. Questions have asked for views on Europeanisation of governance amongst diverse income groups for the IntUne Project on European Citizenship (Best *et al.*, 2012). The German Socio-Economic Panel Study (Groh-Samberg and Waitkus, 2017), the Great British Class Survey (Savage *et al.*, 2013) and studies on the Norwegian 'Power Elite' (Gulbrandsen *et al.*, 2002; Hjellbrekke *et al.*, 2007) have explicitly concentrated on the policy preferences, social attitudes and composition of local elites (however broadly or narrowly defined).

Notably, these panels and surveys are based in the work of Bourdieu, and are often inspired by its conceptual tools – notably 'capital' in its many forms, and an emphasis on cultural consumption and education. This has occurred in parallel to the growing importance of Bourdieusian work on more theoretical and qualitative studies of the elite, which draw from similar terminology (Khan, 2012a; Pinçon and Pinçon-Charlot, 2016). For instance, localised studies of the elite, or of subsections of it, zero in on a specific professional environment (Bühlmann *et al.*, 2017), cultural products or activities (Savage and Nichols, 2017), institution (Khan, 2012b), social mobility (Friedman and Laurison, 2018) or demographic (Sherman, 2017). Most of these employ ethnographies and interviews and provide crucial background for this research.

"were less likely to acknowledge the structuration of outcome, agency, and opportunity that bears on the character and prevalence of social (dis)advantage. In this regard, affluent participants exhibited a relatively poor sociological imagination, and were thus more likely to emphasize the resilience of individual agency in the face of structural constraints" (*Ibid.*:11). By contrast, respondents earning under the poverty line had been exposed to structural obstacles to attaining economic security or even a steady job. For Edmiston: "[t]he phenomenology of deprivation appears to engender exposure to, and thus awareness of, the exogenous factors that impinge on individual agency" (*Ibid.*).

This report has adopted a slightly different approach by asking what members of the top 10% believe should be done to reduce inequality and economic insecurity. The purpose of this approach is explicitly intended to inform a policy agenda that fosters social solidarity and ensures economic security for a much larger portion of the population.

On a more practical level, their perspectives are important because this population tends to participate in conventional political activities more than less affluent groups (Barnes and Kaase, 1979; Solt, 2008; Dahl, 2006; Armingeon and Schädel, 2015). They may thus possess a disproportionate influence on eventual policymaking relative to their population size. Likewise, political parties may vie for their votes and make assumptions about this population's interests, for instance by attempting to secure their support by offering tax incentives.

The political scientist Martin Gilens (2012) has called the link between the policy preferences of the top 10% and actual policy outcomes 'the preference/policy link.' Analysing the correspondence between policy preferences in the United States, income, and policy, Gilens and others make a strong case concerning the over-responsiveness of US policymakers to the preferences of the top 10%, especially when an election is not imminent (Rigby and Wright, 2013; Schlozman *et al.*, 2012). The two most common explanations for this over-responsiveness are first, that this population is more likely to vote and second, that they participate in and donate to political parties. In Europe, although there is less research on the matter, similar patterns seem to emerge (see Lutz *et al.*, 2015).

The level of economic inequality may likewise influence the political power and preferences of other groups relative to this population. The Meltzer-Richard model (Meltzer and Richard, 1981) predicts that economic inequality will provoke more desire for redistribution (Finseraas, 2009) but scholars of inequality have questioned or further explored the relationship. A counter to the positive correspondence between inequality and policy preferences is that inequality may be so great that it depresses engagement altogether amongst lower income groups, who see no benefit in political participation (*Ibid.*).

Developing upon a fundamental premise of functioning democracy, or that economic equality facilitates equal political participation across citizens (Tocqueville, 1990), Fredrick Solt (2008:57) argues that "[t]he declining political engagement of non-affluent citizens with rising inequality suggests that issues on which a consensus exists among richer individuals, such as redistribution, become increasingly unlikely even to be debated within the political process regardless of whether poorer citizens would care to raise them" (*Ibid.*:57). He adds: "[o]ne's political engagement [...] is shaped not only by how much money one has, but also by how much money everyone else has. Greater economic inequality increasingly stacks the deck of democracy in favour of the richest citizens, and as a result, most everyone else is more likely to conclude that politics is simply not a game worth playing" (*Ibid.*:58). This report investigates how some of the most affluent have responded to the economic and political context in which lower income groups have suffered exponentially from welfare reforms while their relative economic status has solidified.

This context looks set to intensify with the differential economic impact of the pandemic. High-income earners in less affected industries may be able to continue to insulate themselves from the worst effects of the global economic recession. However, low-income and young earners, already in a precarious position from the years preceding Covid-19 and the long hangover from the 2007-8 crisis (Blundell, 2020:3) will be amongst the hardest hit (Berry, Macfarlane and Nanda, 2020; Major and Machin, 2020; Reeves and Rothwell, 2020).

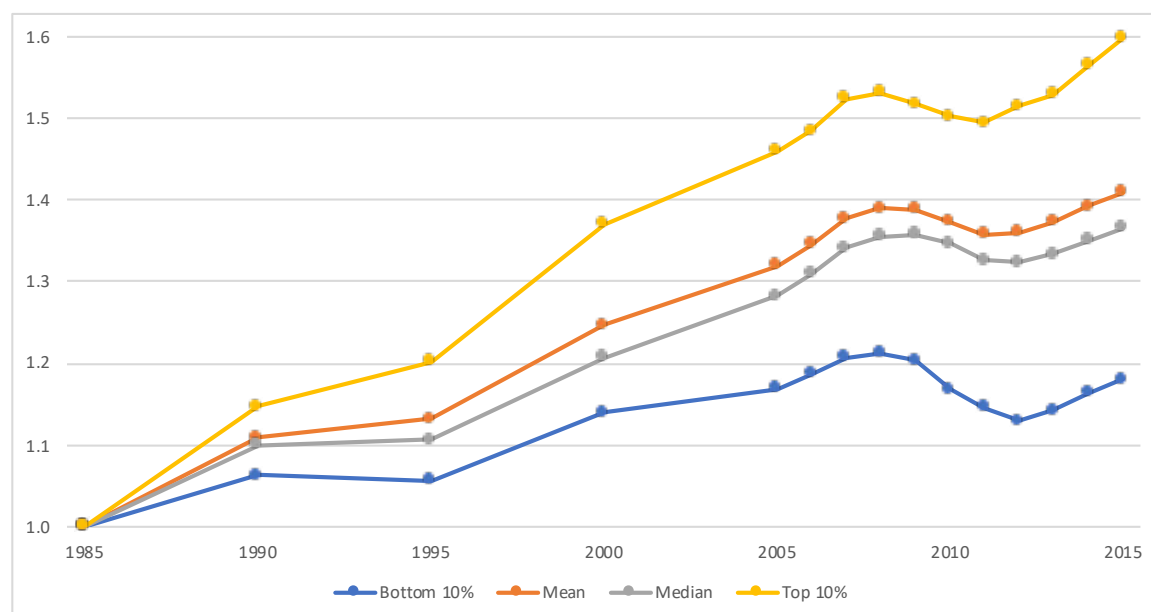
Finally, as indicated in the interviews, the self-identity of at least some members of the top 10% is based on achieving social mobility and relative economic security. Westoff *et al.*, (1960) define social mobility as a multidimensional concept whose operationalisation requires understanding multiple factors, from intergenerational changes in the structure of the economy to implicit bias in university admissions that favours private schools. Quantitative research proposes different ways of measuring social mobility. The most widely accepted considers changes in social mobility over time, namely between generations and within the same generation (Bárcena and Moro, 2018). Intergenerational mobility focuses on the 'vertical' dimension of social mobility, gauging the influence of family origin on the individual's current situation. Intragenerational mobility looks at how individual situations change over time. The interview data, as analysed within the country chapters, reveals the ways in which family resources and choices influenced opportunities and how individual decisions, as well as effort and luck, affected career trajectories.

Who are the top 10%?

Interrogating the data

Quantitative studies of inequality have tended to focus on the income of the top 1% versus the bottom 99% and on the effect of inequality on low-income groups (e.g., Alvaredo *et al.*, 2013; Cantarero *et al.*, 2005; Formisano, 2015; Kim, 2000; Rowlingson and McKay, 2012). However, less has been done to study the population between the top 1% and 10%, or the broader group of affluent members of society but not the 'super-rich.' Figure 2 indicates trends in income concentration since the eighties:

Figure 2: Real income growth trends across the bottom, middle, and top of the income distribution for OECD-17, 1985-2015

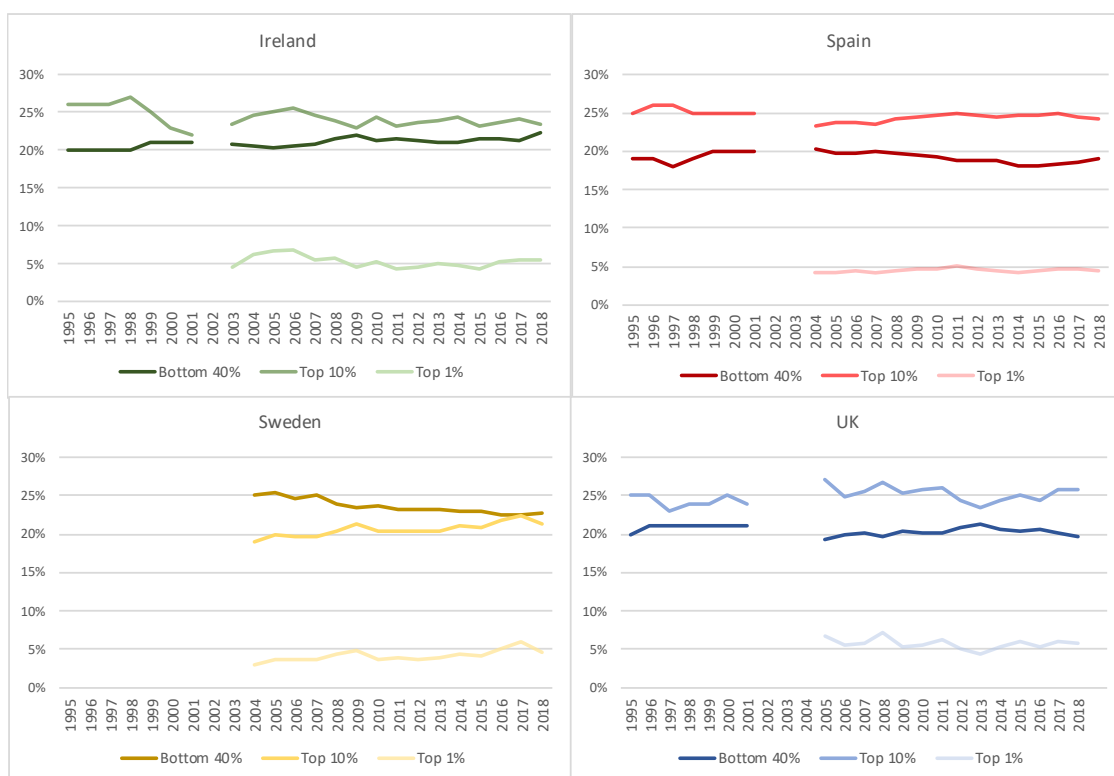


Source: OECD, 2018

Most measures of inequality rely on voluntary, self-reported surveys, which have limitations. The principal critique has been that survey information underestimates income and wealth levels at the very top and, consequently, the extent of inequality. As a response, widely used datasets, such as the European Union Statistics on Income and Living Conditions (EU-SILC), have been increasing their use of registry data. Currently, the EU-SILC has a split system between 'register' and 'survey' countries.⁹ In the former group, most of the income data is taken from national registers (Jäntti *et al.*, 2013). Due to evolving data collection procedures, inconsistencies in cross-country comparisons might arise.

That said, figure 3 shows the relative shares of national equivalised income¹⁰ for the bottom 40%, top 10%, and top 1% in the four countries between 1995-2018 according to EU-SILC and European Community Household Panel (ECHP) data. The graphs indicate how the top 10% has fared compared to the top 1% and bottom 40% since 1995. One important trend is the overall widening income gap between the top 10% and the bottom 40%, in the UK and, since 2004, in Spain.

Figure 3: Share of national equivalised income by the bottom 40%, top 10%, and top 1% in Ireland, Spain, Sweden and UK, 1995-2018¹¹



Source: Eurostat (2019). Our tabulation

The share of total national equivalised income by the top 10% is broadly stable. According to the data in figure 3, it has hovered around 25% in Ireland, Spain and the UK, and around 20% in Sweden. In Sweden, there was a gentle but steady increase of their share after 2004, which is when the time series started. Crucially, the share of the bottom 40% has decreased considerably in Sweden, relative to that of the top 10%. Nevertheless, the country is still the most equal of the four and the only one where the share

9 Registry data refers to data collected from, for example, population registers, tax registers, social security data, and health and education records (Jäntti *et al.*, 2013).

10 National equivalised income is the household's total disposable income divided by an equivalisation factor, to take account of the size and composition of the household, and is attributed to each household member (see chapter 2).

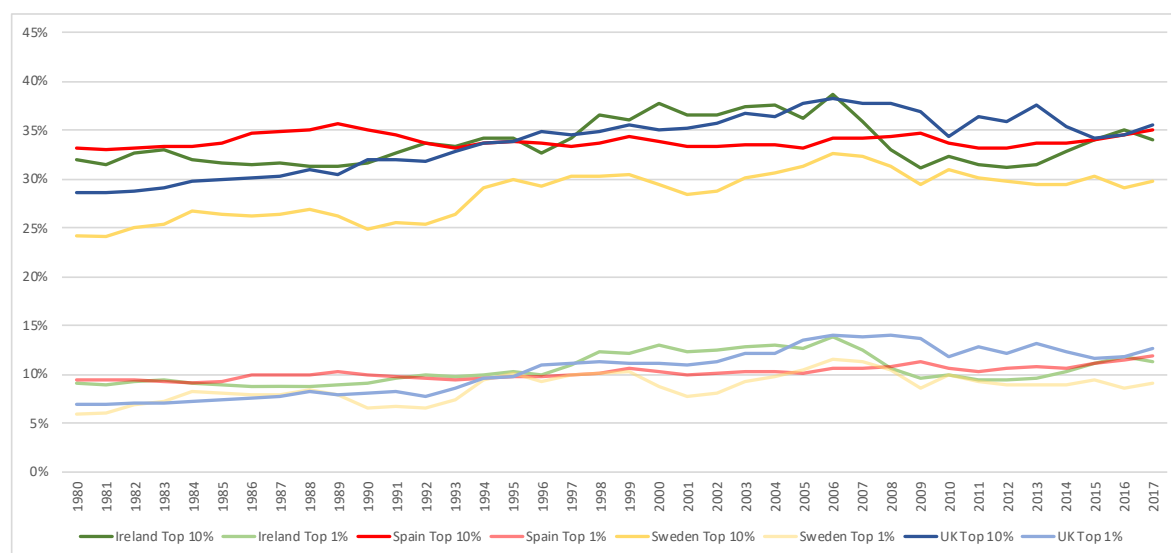
11 Please note the ECPH survey (1994-2001), which wasn't yet rolled out in Sweden, was replaced by EU-SILC in 2003-2004; hence why there is no data for 2002.

of the bottom 40% is greater than that of the top 10%. In Spain, the top 10% has had the most stable income share over time. Ireland registered a small reduction in the share of the top 10% after 1995, though between 2015 and 2018 the share of income for the top 1% increased from 4.4% to 5.6% – similar to where it was in 2008. Lastly, the share of the British top 10% decreased from 27.1% in 2005 to 23.4% in 2013 – and then increased again to 26.1% in 2018.

An alternative database, the World Inequality Database (WID)¹², combines different sources, such as surveys, tax data, and national accounts data.¹³ Compiled by Thomas Piketty and colleagues, it is among the most prominent and large-scale attempts to document and chronicle trends in inequality across the world (Alvaredo *et al.*, 2013; Blanchet *et al.*, 2019). Figure 4 shows the concentration of income of the top 10% and top 1% for our four countries according to WID.

However, the WID is not without its shortcomings. Galbraith and Halbach (Galbraith, 2018; 2016) find that, in important cases, the WID is not consistent with other reputable sources.¹⁴ They argue that the anomalies might be explained by the lack of WID's sensitivity to capture variations in income distribution that are due to administrative and regulatory changes in tax systems. The anomalies might also be caused by the use of data coming from national accounts that include income concepts other than survey and tax data.¹⁵ Figure 4 reveals another obscure spike: in Ireland, the top 10% share increased from 30.9% in 2012 to 37.5% in 2014, even though this increase is not easy to connect to economic developments during that period.

Figure 4: Share of national income of top 1% and top 10% in Ireland, Spain, Sweden, UK, (1980-2016)



Source: World Inequality Database.

¹² World Inequality Database: Home - WID <https://wid.world/>

¹³ National accounting data are those used by statistical agencies to compile metrics such as GDP.

¹⁴ For instance, it produces implausible results for France and the US. In France, according to WID, the top 10% share of national income has not changed since the early 1980s and its current level is below that of 1960. Meanwhile, the US experienced a jump in the top 1% share between 1986-1988, despite no major economic changes during the period. Galbraith (2018) explains that the 1986 US Tax Reform Act, aimed at broadening tax reports by top earners, is likely to explain the data spike.

¹⁵ According to Blanchet *et al.* (2019:2): "[w]e distribute the entirety of national income. This includes money that never explicitly shows up on anyone's bank account, such as imputed rents or the retained earnings of corporations, yet can account for a significant share of the income recorded in national accounts and official publications of macroeconomic growth."

For these reasons, EU-SILC was the database chosen to assess the incomes of individuals and households in this study. Despite the fact that data collection methodologies vary somewhat between countries, EU-SILC is still the most comparable dataset available. In addition, it allows for a richer analysis that includes various socio-demographic characteristics. According to EU-SILC figures in 2016, the top 10% includes individuals whose income (from any source) is more than €59,972 a year in Ireland; €36,265 in Spain; €57,519 in Sweden; and £54,095 in the UK.¹⁶ As discussed in the next chapter, occupations in this population include the expected professions of managers, bankers, consultants, and SME owners (see the chapter on Spain) as well as senior nurses, teachers, and accountants.

Finally, though wealth inequalities are even starker than those of income and have become a prominent and deserving object of concern (Piketty, 2014), this report concentrates on income. The reason for this choice is that there is still relatively less consistent data about wealth than about income across the four surveyed countries. For instance, the EU-SILC datasets do not include wealth variables. The WID only has data on the UK. Recent data published in Ireland from the 2018 Household Finance and Consumption Survey¹⁷ shows that the top 10% of net wealth benefitted far more than the bottom 10% (seven out of ten respondents versus one out of ten) from inheritance or substantial gifts. The wealthiest 10% had a net wealth value greater than €835,000, whereas the bottom 10% had a net wealth value of less than €1,000. Yet, despite the availability of this data, it would have been difficult to measure comparatively over time.

Concentrating on income instead of wealth highlights the relevance of public policy and cost of living for economic security, even amongst households in the top decile. As indicated previously, qualifying for the top 10% requires lower income than might be expected. In countries such as Ireland and the UK, this income may not cover high costs of housing and childcare, with implications for self-identity and politics. Inversely, access to public services and a lower cost of living may have a different social and political impact on how this population sees itself and its future.

Country comparison

The choice of countries allowed for comparing the influence of different welfare regimes and economic models, distinctive experiences of the financial crisis in 2007-08, and concentration of income in the top 10% relative to the rest of the population, on self-perceptions and views on inequality. Figure 4 illustrates inequality trends before and after the 2008 financial crisis. Sweden is the most equal country but its Gini coefficient after tax and transfers has been rising consistently, suggesting its welfare state is not compensating at the same pace as before for mounting market inequality (Eurofound, 2017).

The Swedish government began implementing tax and welfare reforms prior to 2008, and, of all four countries, Sweden experienced the least impact from them. The shift towards more conservative policies included tax reduction for domestic services; the partial privatisation of public services such as education and public care; and the abolition of wealth, inheritance, and gift taxes after 2007. These trends have brought a growing recognition that inequality, especially at the labour market level, is becoming an issue in Sweden (OECD, 2018a).

In contrast, Ireland and Spain, both Eurozone countries, suffered a dramatic downturn after the financial crisis of 2007/8 and implemented severe austerity measures. Unemployment in both countries soared, especially among the young. In Ireland, unemployment reached 16% in 2012 (30.4% among those aged

¹⁶ Based on gross personal income from employment (cash, non-cash), self-employment, pensions, educational allowances, and other benefits. For more details, see chapter 2.

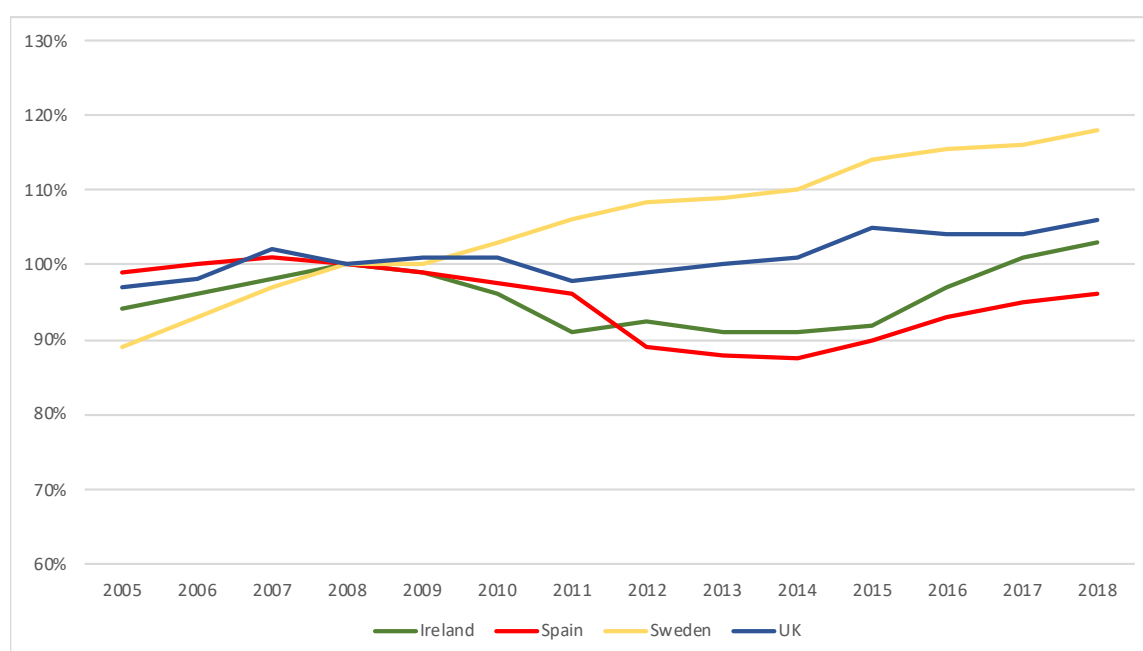
¹⁷ Household Finance and Consumption Survey 2018

15-24) and in Spain, the unemployment rate rose to over 25% and youth unemployment over 55% after the crisis (OECD, 2015). After 2012, though, economic growth rates recovered in both countries, and Ireland's growth was one of the highest amongst OECD countries until 2020.¹⁸

The UK's experience after the 2007/8 crisis, at least partly because of Brexit and the imposition of austerity measures, led to sluggish economic growth rates and exacerbated inequality trends that predated the crisis. Indeed, austerity measures had such a negative impact on low-income groups that, in 2018, the UN Special Rapporteur on extreme poverty and human rights, Professor Phillip Alston, concluded in his statement that "[t]he experience of the United Kingdom, especially since 2010, underscores the conclusion that poverty is a political choice. Austerity could easily have spared the poor, if the political will had existed to do so. Resources were available to the Treasury at the last budget that could have transformed the situation of millions of people living in poverty, but the political choice was made to fund tax cuts for the wealthy instead" (OHCHR, 2018).

Figure 5 demonstrates the different financial impact of the financial crisis of 2007/8 on households and income distributions across the four countries. While disposable incomes steadily grew in Sweden and showed some recovery in Ireland between 2005-2018, in Spain they still did not rise to pre-crisis levels and in the UK, they flatlined.

Figure 5: Real gross disposable income of households per capita (index 2008)¹⁹



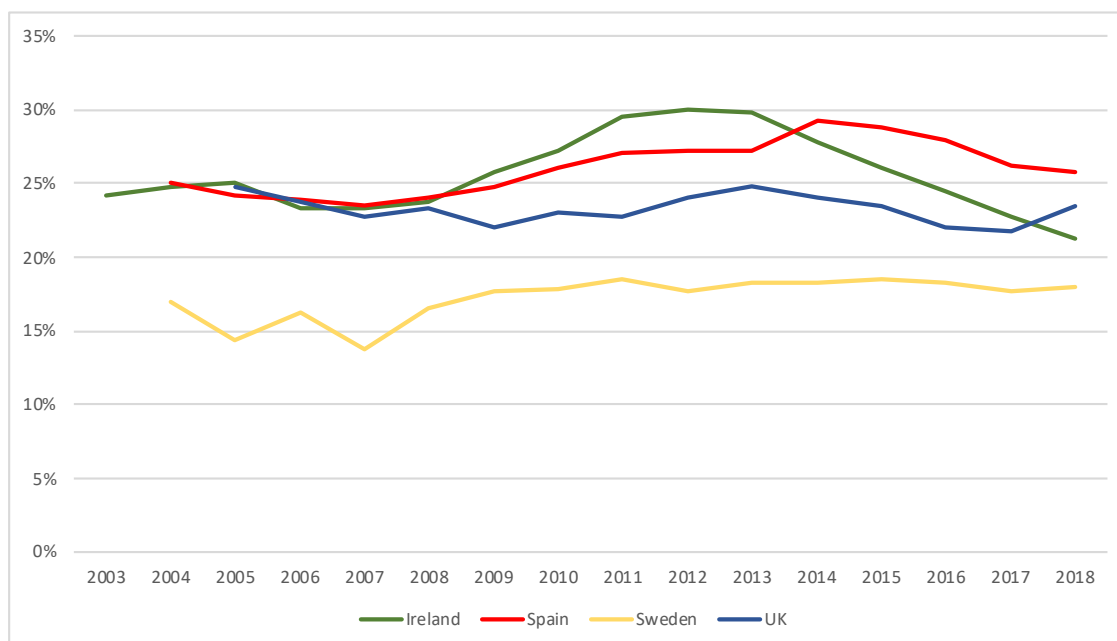
Source: Eurostat.

The UK's 2016 vote to leave the European Union, and its aftermath, have highlighted the possible political consequences of austerity perhaps more than any event in the other three countries. The UK is the most unequal country in the study after redistribution (Cribb *et al.*, 2018), and figure 6 shows that of all four countries, it was the only one where the risk of social exclusion, ten years after the crisis, was rising.

¹⁸ World Bank Data - GDP growth

¹⁹ The real gross disposable income of households per capita (index = 2008) is calculated as the unadjusted gross disposable income of households and Non-Profit Institutions Serving Households (NPISH) divided by the price deflator (price index) of household final consumption expenditure and by the total resident population. Then the indicator is indexed with base year 2008 (<https://data.europa.eu/euodp/en/data/dataset/0g43rA0OkEFIdFa5hwaYcQ>).

Figure 6: Evolution of proportion of people at risk of poverty or social exclusion²⁰



Source: Eurostat.

The rest of this report is structured as follows. The second chapter provides a comparative quantitative analysis of the top 10% across the four countries, focusing in particular on cost of living, especially housing, views on inequality, and relative position in the income distribution. The analysis attempts, whenever possible, to disaggregate differences within the top 10%. The next four chapters examine in depth the views and structural position of the top 10% in each country. The final chapter provides conclusions while the report's policy implications for the provision of public services and social solidarity can be found in TASC (2020) 'Policy recommendations. Inequality and the top 10% in Europe.'

²⁰ This indicator corresponds to the sum of persons who are: at risk of poverty or severely materially deprived or living in households with very low work intensity (<https://data.europa.eu/euodp/en/data/dataset/uM3oGTp9AZJYgVIK77OjA>).

A comparison of the top 10% of income earners in Ireland, Spain, Sweden, and the UK

A comparison of the top 10% of income earners in Ireland, Spain, Sweden, and the UK

This chapter sets the groundwork for the country-level analyses that follow and provides a more in-depth understanding of the top 10% of income earners as a statistical and economic category. It describes this population's demographic characteristics, compares their socio-economic status and attitudes towards economic inequality with the rest of the population, and examines how these changed in the decade after the financial crisis across the four surveyed countries. To achieve the above, this chapter relies mostly on available statistical data from European and international sources, both from registries and surveys.

The first section clarifies what the top 10% represents as an economic category, including relevant definitions of income, as well as the potential and limitations of the data. This is followed by a section that elaborates on the cost of living and housing situation of this population, and their self-reported capacity to make ends meet. This chapter continues by exploring data on their socio-demographic profile, their assets, and the evolution of these characteristics over time. The final section of the chapter explores opinion survey data on views regarding meritocracy, redistribution, and trust and participation in the political system.

Identifying the top 10%

In defining the top 10%, the report focuses on individuals' annual incomes rather than earnings (that is, income sources beyond labour market participation) and makes limited, explicit references to earnings whenever needed. Yet, for the most part, this chapter utilises household income data; particularly equivalised disposable income, which is adjusted for the size and composition of households. A household with a single earner has a different equivalised income to that of a primary breadwinner with children whose partner does not work, even if nominally both earn the same. For that reason, most research on inequality favours the household level, which gives a better indication of the income distribution of the whole population, including those outside the workforce (UNECE, 2011).

Accounting for the challenges of measuring income

The chapter relies on different forms of data for both practical and substantive reasons. Gross personal income allows for an easier identification and recruitment of the sample for the qualitative component of this research. Personal income data also help in the characterisation of top-income earners with regards to individual characteristics such as age, gender, occupation, and educational level. This data is available in a primary source for the analysis presented here, or the EU Survey of Income and Living Conditions (EU-SILC). More specifically, the analysis constructs a variable for individuals that includes all sources of income considered by EU-SILC: cash and non-cash (e.g., bonuses) income from employment and self-employment, pensions, benefits (e.g., unemployment, old age, survivor, sickness, disability), and educational allowances [see table 1]. This definition has the advantage of being more representative of the whole population than including earnings exclusively from labour market

participation. Nevertheless, for reference and to highlight differences in some aspects of the state welfare provision in these countries, table 2 includes decile earnings thresholds for the workforce.

The analysis of household income largely relies on an equivalised disposable income variable [table 3].²¹ However, for some measures, such as to gauge the effect of taxation, total household net and gross income are also considered. EU-SILC household income variables comprise the sum of all income sources of household members, plus two items that are absent in individual-level data: rental income from property or land, and profits from capital, interests, and dividends. These last measures are particularly important for the top 10%, both because they are more likely to earn income from these items than the rest of the population, and because they could be considered proxies for wealth. However, these variables only report yearly income derived from wealth and capital rather than its overall volume (for instance, ownership of fixed assets would not be detected). Furthermore, variables such as housing costs, type of tenancy, and self-reported ability to make ends meet²² are collected in EU-SILC only at a household level. As such, although the top 10% of individual income earners and the top 10% of households do not necessarily overlap, due to limitations of the data, and in the interest of covering some crucial household-level variables, the analysis uses both individual and household data.

It is also worth bearing in mind a number of characteristics of EU-SILC data that influence the discussion presented in the report. Firstly, the survey is 'output' rather than 'input'-harmonised, which means that data from different countries may refer to different institutional realities. For instance, different types of taxes might be classified under the same rubric. Housing taxes, for example, whether in the form of land-value tax or stamp duties, are only reported as a total annual number associated with each household. Secondly, EU-SILC employs different sources and methodologies in the data-gathering process. That is, some countries employ tax register data to complement the survey or they gather data for income directly during the survey process. Spain and Sweden rely on the former while the UK and Ireland on the latter. This has an impact on the number of respondents a survey considers and this impact is notable in the contrast between the sample sizes of Spain and Ireland.²³

Highlighting this difference in methodology is important because the provenance of data may have important effects on the analysis of top incomes, as it is likely that surveys underestimate incomes at the top of the distribution (Atkinson, 2007). This especially applies to Ireland, which means that inequalities at the top might be even starker than they appear in the data (see Jäntti *et al.*, 2013). Other factors to consider in assessing the data quality on incomes at the top include under-reporting, possible non-response bias, the fact that company earnings are not included, and the use of investment vehicles and other forms of wealth management (Higgins *et al.*, 2018).

How much does the 10% earn in the four countries?

With these caveats in mind, the income thresholds for the four countries are found in the data presented, along with the percentage of the sample receiving income, under each of the three definitions of income: gross personal income from employment and other sources (e.g., pensions, benefits); gross personal earnings from employment; and equivalised household disposable income.

²¹ This report uses the OECD-modified scale for income equivalisation, which is the one employed by Eurostat (OECD, 2015). This measure is calculated by dividing the total disposable income of a household by a number estimated in the following way: the first adult (14 years old and over) in the household is weighted as 1, any subsequent adult as 0.5, and any child (13 years old and under) is counted as 0.3. So, for instance, a household of two adults and one child (1.8) would need a disposable income of €72,000 to qualify for the top 10% if the relevant threshold is €40,000.

²² EU-SILC measures this variable through a self-reported, subjective measure – directly asking respondents how difficult they find it to make ends meet within a scale. To be sure, 'making ends meet' might mean very different things to households in different parts of the income distribution.

²³ In 2016, Ireland had 10,180 individual and 5,219 household respondents; respectively; Spain had 30,688 and 14,240; Sweden had 11,227 and 5,787; and the UK had 17,645 and 9,711.

The tables reveal the relevant dispersion ratios²⁴ between the median and the top 10%, and the top 10% and the top 1%. These ratios, or the relationship between income thresholds, provide especially useful and stark indications of the extent of income, earnings, and household inequality between the top 10% and the bottom half, and between the top 1% and the top 10%.

Table 1: Gross personal income from employment (cash, non-cash), self-employment, pensions, educational allowances, and other benefits

	Ireland	Spain	Sweden	UK
% sample above zero	84.5	83	96.7	83.8
Mean	€29,584.82	€18,051.04	€32,740.62	£27,913.98
Median	€19,728.43	€13,602.45	€29,449.40	£20,200
Top 10% threshold	€59,972.44	€36,265.58	€57,519.16	£54,095
Top 6% threshold	€73,166.00	€42,651.77	€68,546.43	£67,350
Top 3% threshold	€96,076.23	€54,264.35	€84,703.32	£90,627
Top 1% threshold	€159,291.29	€78,693.59	€120,278.37	£146,850
90/50 ratio	3.03	2.67	1.95	2.68
99/90 ratio	2.65	2.17	2.09	2.71

Source: EU-SILC, 2016.²⁵

Table 2: Gross personal earnings from employment (cash, non-cash) and self-employment

	Ireland	Spain	Sweden	UK
% sample above zero	50.3	55.8	72.5	54.7
Mean	€36,098.51	€18,523.69	€32,456.23	£33,079.2
Median	€27,216.39	€14,339.80	€31,402.90	£25,150
Top 10% threshold	€69,511.01	€39,112.28	€59,926.11	£60,950
Top 6% threshold	€85,582.11	€46,025.42	€70,983.34	£75,473
Top 3% threshold	€113,955.88	€58,878.57	€88,348.50	£103,861.5
Top 1% threshold	€189,701.69	€84,069.85	€123,165.31	£169,569
90/50 ratio	2.56	2.73	1.91	2.42
99/90 ratio	2.73	2.15	2.06	2.78

Source: EU-SILC, 2016.²⁶

24 Dispersion ratios are a common way of measuring inequality. They provide a comparison between different positions in the income distribution. For instance, the 90/10 ratio compares the incomes of the top and bottom deciles, and the 90/50 of those of the top decile and the median.

25 Sum of EU-SILC variables: PY010G, PY020G, PY050G, PY080G, PY090G, PY100G, PY110G, PY120G, PY130G, and PY140G. In 2016, on EU-SILC, the conversion factor between currencies was €1 = £0.81948.

26 Sum of EU-SILC variables: PY010G, PY020G, and PY050G.

Table 3: Equivalised disposable household income weighted by family size

	Ireland	Spain	Sweden	UK
% sample above zero	99.8	99.5	99.7	99.2
Mean	€24,942.32	€16,787.27	€28,979.78	£24,037.92
Median	€20,707.39	€14,454.65	€26,690.09	£20,300
Top 10% threshold	€41,881.59	€29,496.20	€44,944.20	£40,350
Top 6% threshold	€48,518.05	€34,303.69	€50,285.23	£47,000
Top 3% threshold	€60,839.93	€41,555.96	€58,756.97	£56,905
Top 1% threshold	€87,355	€56,021.62	€76,391.09	£80,800
90/50 ratio*	2.02	2.04	1.68	1.99
99/90 ratio	2.08	1.90	1.71	2.00

Source: EU-SILC, 2016.²⁷

The data provides a clear illustration of inequality within the overall population, and even within the top decile (between the top 1% and the remaining 9%). The dispersion ratios across the four countries (the bottom two rows in each table) between the thresholds for the top 10% and the top 1% (99/90 ratio) indicate an important level of inequality within this segment, which is a common theme throughout the interviews analysed in the country-level chapters. In other words, in all countries, and by most measures, those just in the top 1% earn twice, and sometimes nearly three times, more than those just above the top 10% threshold. Indeed, as will be seen throughout these chapters, qualifying for the top decile of income earners does not necessarily guarantee economic security, especially in the long term. Indeed, a recent Eurostat report, which also uses EU-SILC data (Törmälehto, 2017), argues that qualifying for relative definitions of affluence can arguably be insufficient to define a household as 'affluent' in practice. This applies both if relative affluence is defined in terms of deciles, as used here, or as a percentage of the median wage (e.g., 200%). Members of households that qualify as affluent by such definitions may in fact still declare facing difficulties in making ends meet, a consistent theme in the report's four case studies, especially in Ireland.

The role of taxes, benefits, and earnings in constituting the top 10%

The differences between each set of data in terms of income thresholds and ratios are telling of the societies they represent. For instance, the proportion of the survey sample who receive any item of personal income and earnings is noticeably higher in Sweden (see table 1). This phenomenon could be explained by the historical breadth and reach of its welfare state provision. For all the countries, the thresholds to qualify for the top 10% in earnings [table 2] tend to be higher than those that consider all sources of personal income [table 1], but particularly in Ireland and the UK. The disparity between income and earnings in those two countries, especially in contrast to Sweden, reinforces the role of benefits and other sources of income in generating greater equality and, inversely, how much policy reliance on income redistribution through taxation (especially in Ireland), versus benefits, can drive inequality. Ireland has one of the highest levels of pre-tax inequality in the OECD, with the UK and Spain not far behind. However, after taxes and transfers, Ireland is the second least unequal of the four countries (only behind Sweden), while the UK and Spain have considerably higher after-tax Gini coefficients.

²⁷ EU-SILC variable: HX090, which equals (HY020*HY025)/HX050. Please also note that the latest available OECD data reports the following 90/50 ratios: Ireland: 1.94; Spain: 1.94; Sweden: 1.67; UK: 1.8. These are, with the exception of Sweden, slightly higher than the ratios resulting from EU-SILC.

To further explore the specific effects of taxation on the incomes of the top 10%, table 4 showcases the difference between net and gross household income (net income as a proportion of gross income; in other words, the lower the percentage, the higher the tax burden). The Gini coefficients (OECD) listed below are before and after tax [table 4].

By this measure, all four countries have taxation systems that are more or less progressive, inasmuch as a larger percentage of gross income is taxed at the top of the distribution. Nevertheless, this proportion is larger in Sweden. By comparison, Spain and the UK, only slightly less unequal than Ireland before redistribution, have relatively light-touch levels of taxation, especially at the very top. Indeed, those two countries have the largest Gini coefficients after tax. In contrast, Ireland, though having the highest level of labour market inequality in our sample, has a noticeably more progressive tax and transfers system. This is partly due to the specificities of the Irish income tax and transfers system, which will be covered in the corresponding chapter. That system explains why, according to the Economic and Social Research Institute (ESRI), Ireland has the largest difference between gross and disposable (after tax and transfers) Gini coefficients among a list of thirty European countries. In that same list, Sweden is 13th, Spain 18th, and the UK 22nd (ESRI, 2020; see also Verbist and Figari, 2014).

Table 4: Net household income as percentage of gross household income

	Ireland	Spain	Sweden	UK
Mean	80.0%	83.4%	72.8%	78.1%
Median	91.5%	88.1%	75.8%	86.5%
Top 10% threshold	73.7%	80.2%	70.3%	73.6%
Top 6% threshold	70.8%	78.9%	67.9%	72.5%
Top 3% threshold	65.6%	75.8%	65.1%	69.3%
Top 1% threshold	64.2%	73.2%	61.8%	64.4%
Gini (before tax)	0.545	0.525	0.432	0.520
Gini (after tax)	0.297	0.345	0.278	0.360
Difference in Gini	0.248	0.180	0.154	0.160

Source: EU-SILC, 2016, OECD.²⁸

The relative economic security of the top 10%

Even considering the relatively higher level of taxation of the top 10%, the perception of economic comfort among this segment in relation to its disposable income is markedly greater than that of the rest of the population. The figures presented illustrate this point. The first is a set of graphs on the reported ability to make ends meet from the four countries by decile [figure 1]. The second compares the minimum perceived monthly income required by a household to make ends meet (average per decile) with the average monthly net income per decile [figure 2].

At the same time, the first group of graphs shows that a number of respondents within this segment declare having some difficulty in making ends meet (namely, to pay for their usual necessary expenses).²⁹ This is notably the case in Ireland, where 28% of respondents declared difficulty. As shown

²⁸ EU-SILC, 2016; HY020/HY010, OECD (2016 or latest available).

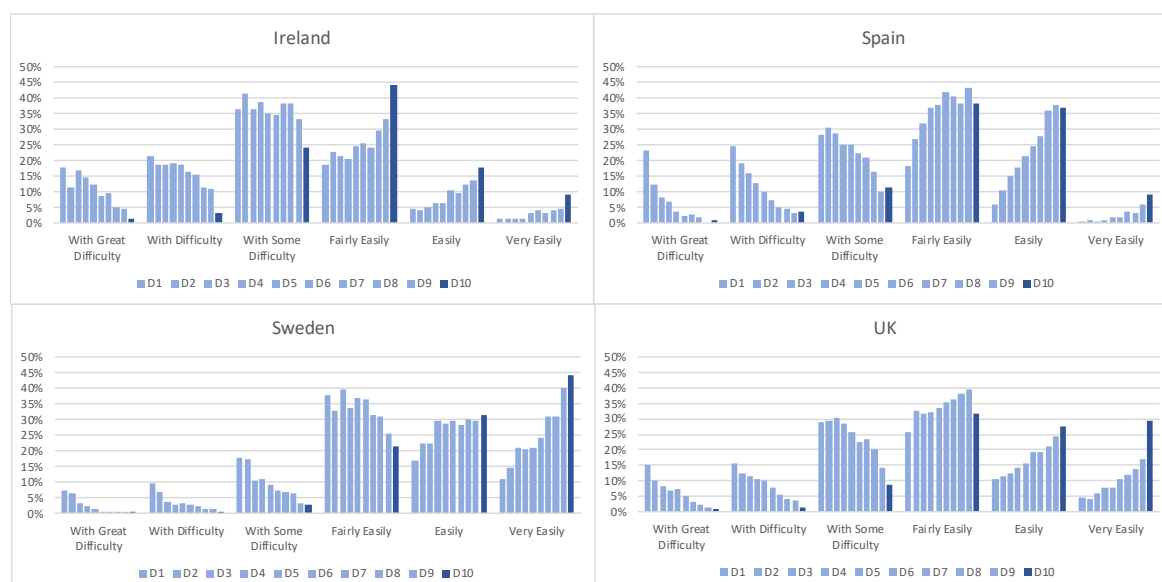
²⁹ What 'making ends meet' might mean varies across the distribution, and most households face some type of economic difficulty. To examine this variable, a EU-SILC question was used, the wording of which is as follows: 'A household may have different sources of income and more than one household member may contribute to it. Thinking of your household's total income, is your household able to make ends meet, namely, to pay for its usual necessary expenses?'

in the following chapters, this finding chimes with the peculiar position of the top 10% in Ireland, where economic strains associated with the high cost of living, such as the housing market, and lower provision of public services, affect even high-income earners. Conversely, across all deciles and especially the highest, Swedish households seem to find less difficulty in making ends meet. Only 3% of the top 10% stated that they face difficulties. This finding corresponds with Törmälehto's (2017:34) conclusion that affluent income earners in Sweden are the least likely in Europe to face economic difficulty or insecurity.

Figure 2 compares the declared monthly minimum income needed to make ends meet as a percentage of total net monthly income per household. Less than 100% means that a household's income is less than they declare they need to get by. The figure shows that, across the four countries, the two poorest deciles make close to, or less than, their declared bare minimum, and the top two deciles earn at least twice that figure. Though it is to be expected that this percentage will increase with income, it is worth pointing out that this declared minimum is subjective and also tends to increase along the income distribution. To illustrate, the reported minimum is, on average, €1,206 for the lowest decile and €4,130 for the top decile in Ireland; €1,337 and €3,034 for Spain; €1,206 and €2,875 in Sweden; and £960 and £3,163 in the UK.

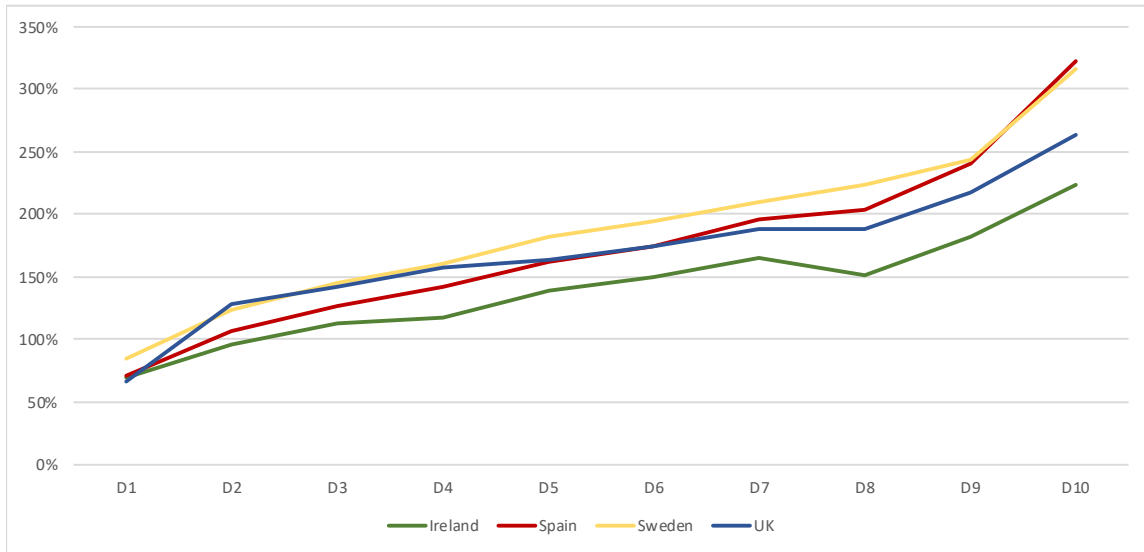
The gaps between declared minimum incomes necessary to get by and net earnings across deciles suggest financial struggle for low-income households and relative comfort for the top 10%. The average net monthly income differentials for the top and bottom deciles in Ireland are €840 versus €9,241; €952 and €9,788 for Spain; €1,023 and €9,094 for Sweden; and £639 and £8,342 for the UK. The perception of comfort for the top 10%, when compared with the rest of the population also differs across countries. Sweden, expectedly, is the most equal in terms of the extent of the population across the distribution who declare facing little duress in making ends meet, whereas the UK and Ireland are the most unequal.

Figure 1: Reported difficulty to make ends meet per household decile (top 10% dark blue)



Source: EU-SILC, 2016.

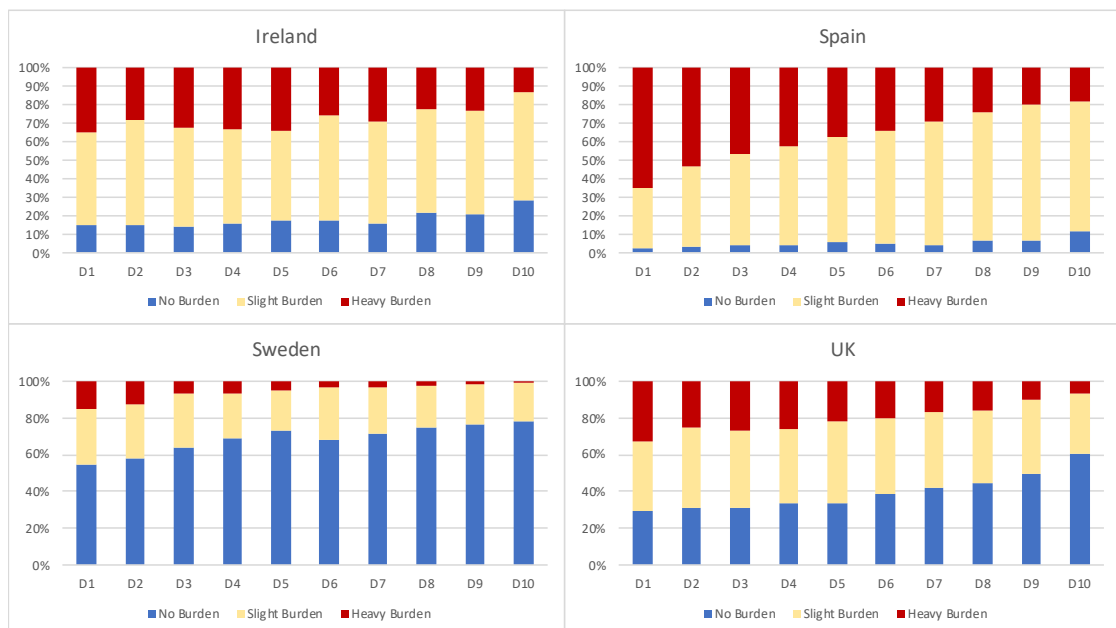
Figure 2: Ratio between mean declared minimum to make ends meet and actual net monthly income per household decile



Source: EU-SILC, 2016.

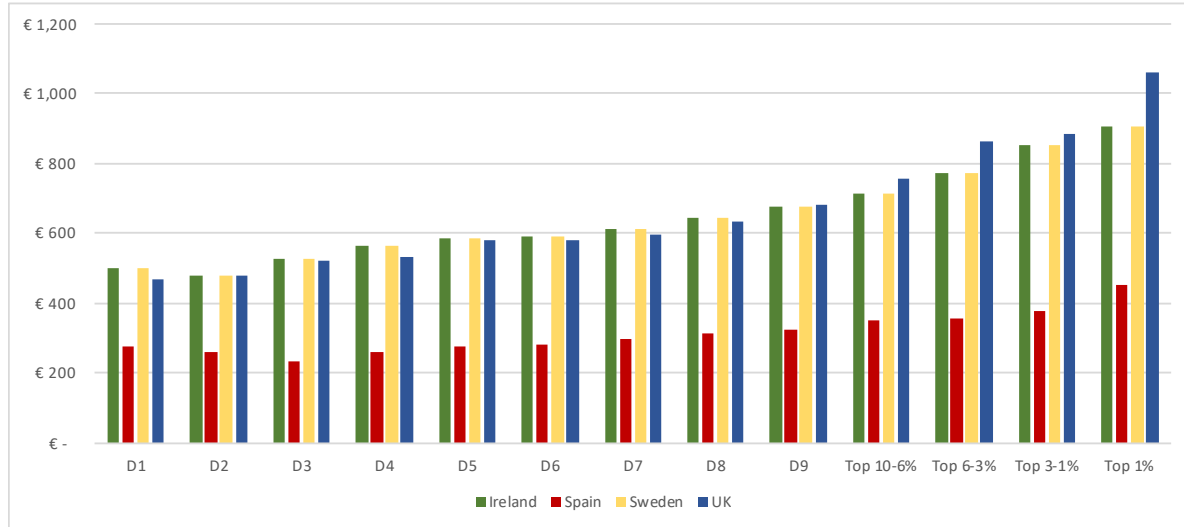
Housing in particular can weigh on perception of economic (dis)comfort. The set of graphs below show the declared burden of housing costs per decile [figure 3]. Here again, as with measures of economic security, households in Ireland seem to be particularly burdened when compared with those in other countries. Meanwhile, Spain has a slight increase at the top in the feeling of burden the higher an individual goes in the distribution, though very few declared no burden at all. Swedish households still seem to find it easier to meet housing costs, even at the lowest deciles, while in the UK the distance between the top decile and the rest, by this measure, is especially stark. For reference, figure 4 shows that housing costs do not increase at the same rate as income. It is worth noting that "these figures include under the same rubric housing costs" regardless of tenancy. For that reason, there is information on the type of tenancy per household income decile in figure 5.

Figure 3: Perceived burden of housing cost per household decile



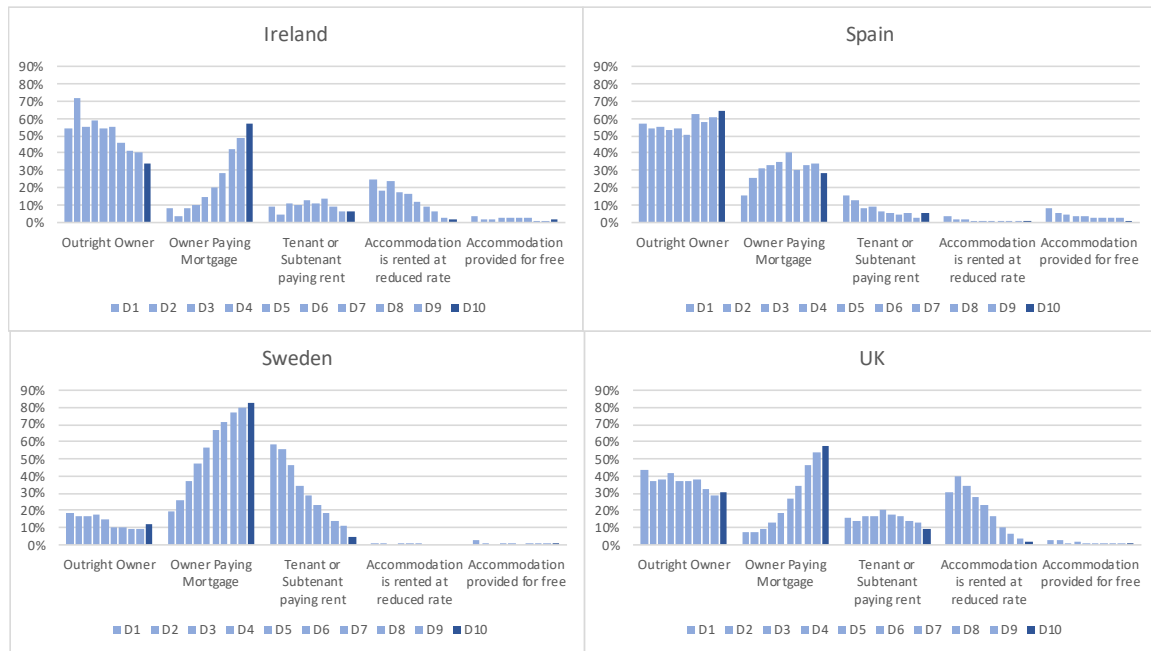
Source: EU-SILC, 2016.

Figure 4: Total average monthly housing cost per household decile and segment of top decile



Source: EU-SILC, 2016.

Figure 5: Type of tenancy per household decile



Source: EU-SILC, 2016.

The graphs demonstrate three key aspects of inequality. Expectedly, the burden of housing tends to be lower at the top decile. Though housing costs tend to be highest at the top, the increase is not as sharp as income differentials. Moreover, the distribution of those owning their property outright seems, interestingly, not to be correlated with income, and in Ireland in particular, members of the top decile are less likely than the rest to own a home. On the other hand, with the partial exception of Spain, where outright ownership is high when compared to the other three countries, the possession of a mortgage tends to align strongly with income.

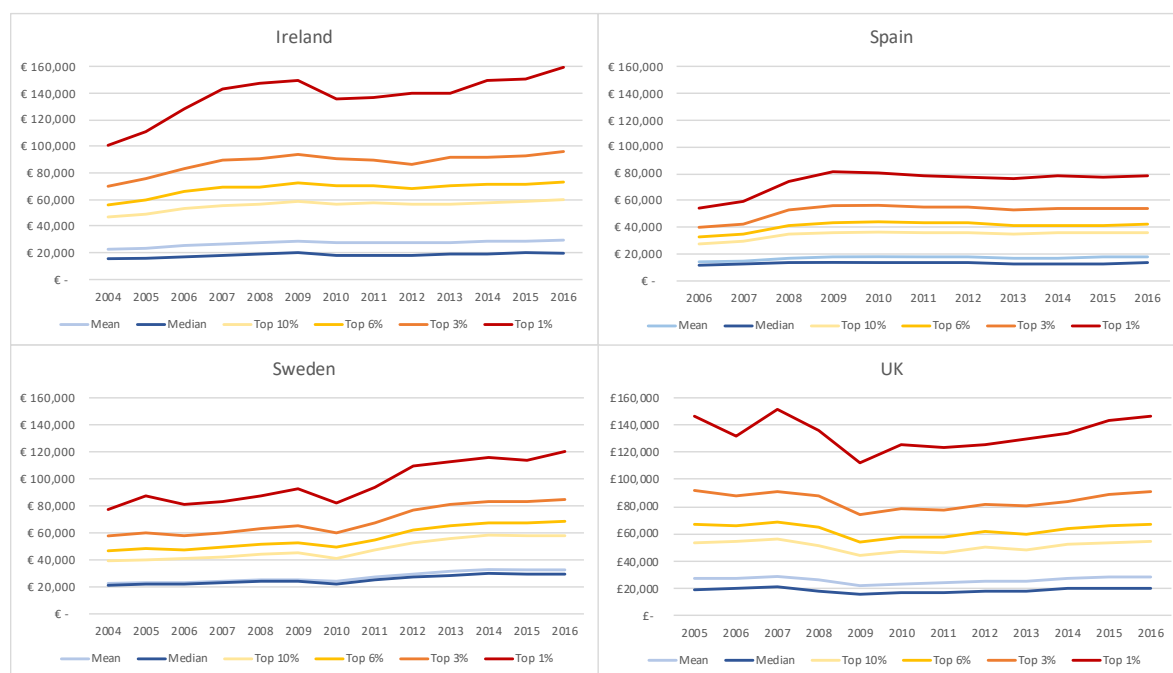
Finally, besides perceptions of cost of living expenses and housing, childcare costs also indicate potential economic insecurity amongst the top 10%. According to OECD data for 2019,³⁰ net childcare costs (for a family of two adults earning the average wage, and two children) as a percentage of total household income (including childcare benefits) are 21% for Ireland, 5% for Spain, 4% for Sweden, and 28% for the UK. The costs in Ireland and the UK are noticeably higher than in Spain and Sweden; indeed, the UK's childcare costs are the highest in the OECD. This may partly explain both the larger number of households claiming economic difficulties and the fact that this perception exists even amongst households in the top decile in these two countries.

How the top 10% has changed

The social and economic position of the top 10% is not static. It fluctuates with economic events and policies, notably in relation to tax, but also with reforms to education, health, and the job market. Change in equivalised household disposable income between 2007-2016 for the top 10% compared to the mean and median of the population, is shown in the graphs presented [figure 6]. The figure also shows comparative variation in the top 10% and top 1% thresholds during the same time period. With the caveat that the 1% threshold is, given its lower sample size, more likely to be volatile, the graphs support the idea that the top deciles tend to be susceptible, as do other groups, to downturns and recoveries (Roine *et al.*, 2009; OECD, 2017). At a household level, the amount earned by the top 10% has not changed at a particularly different rate to that of the middle of the distribution. However, there is a noticeable distance between the 1% of households and the rest of society, in line with the 90/99 ratio covered above.

The graphs also provide a good indication of the evolution of income in the four countries since the crisis, namely how the top income groups have been affected by economic recovery. As Sweden did not experience the same economic shock during the financial crisis 2007/8, as the other countries, income figures had a slight dip in 2010 (financial year 2009) but bounced back quickly and have continued to grow since 2011. However, as will be discussed in the chapter on Sweden, the distance between the top of the distribution and the rest of society is growing larger, in line with other measures that speak of growing inequality. In Ireland, since 2015 in particular, income growth during the economic recovery has been especially noticeable at the top. In Spain, income growth has flatlined even if GDP growth rates have recovered. The data on the UK precedes the Brexit vote, after which growth rates – not significantly strong before the vote – weakened as income for most has remained relatively stagnant.

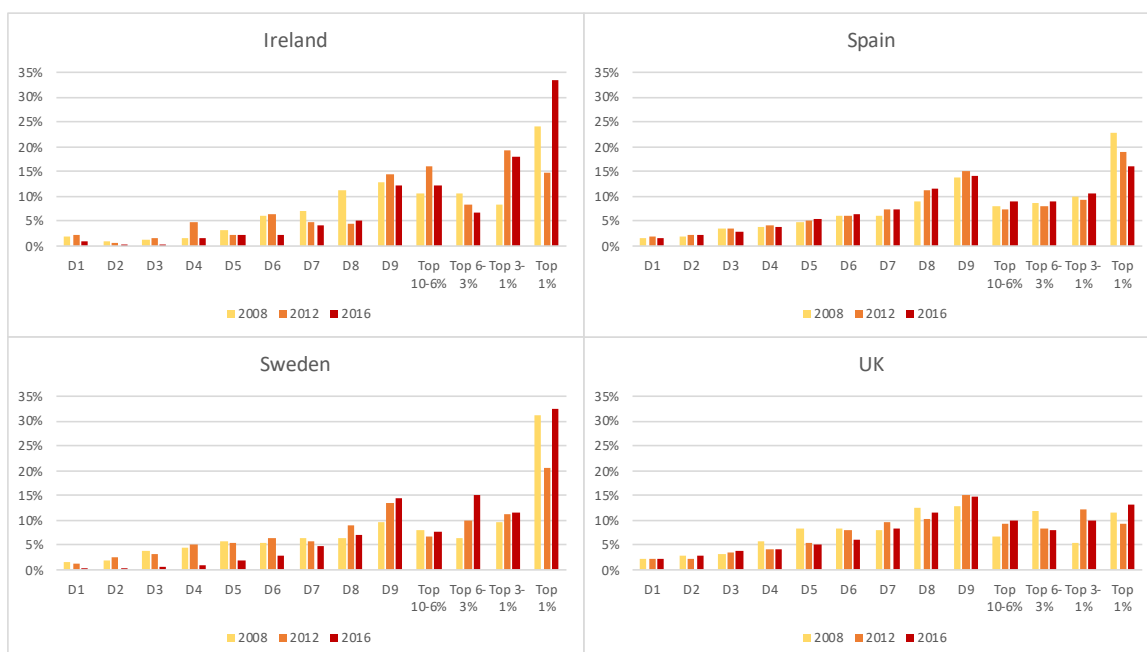
³⁰ The OECD measures net childcare costs "using full-time centre-based childcare, after any benefits designed to reduce the gross childcare fees. Childcare benefits can be received in the form of childcare allowances, tax concessions, fee rebates and increases in other benefit entitlements. Net childcare costs are calculated for both couples and lone parents assuming two children aged 2 and 3. For couples, one parent earns 67% of the average wage whereas the other earns either minimum wage, 67% or 100% of the average wage" (See OECD, 2020).

Figure 6: Evolution of annual individual income per decile and segment of top 10%

Source: EU-SILC, 2016

Figure 6 does not consider changes in the proportion of income derived from wealth and property. Although EU-SILC does not provide a measure of accumulated wealth or fixed assets, it does gather data on household-level income from capital. The graphs below show the proportion of said type of income captured by different deciles of the population (and segments of the top 10%) for the years 2008, 2012, and 2016 (figure 7). These show that the proportion of income from wealth captured by the lower deciles has decreased considerably, especially in Sweden. The share of capital income of the bottom 60% has all but flatlined. Concomitantly, the share for the Swedish top 10% rose from 55% in 2008 to 67% in 2016, though expectedly the top 1% captures the lion's share (31%). Ireland's case is similar though even starker, as the share of capital income of the top 10% rose from 54% in 2008 to 70% in 2016 (with the top 1% earning 33%) while that of the lowest deciles fell to near zero. For Spain, the comparable figures were 49% in 2008 and 45% in 2016, and in the UK, 36% in 2008 and 41% in 2016. There was thus substantial concentration of income from wealth at the top, but not as extreme as Sweden. In fact, in Spain, the share of the top 10% even decreased slightly.

Figure 7: Evolution of share of total capital income per decile and segment of top 10%



Source: EU-SILC, 2016.

Comparing concentration of income from capital between the three years, the data suggests that the wealth of the top 10% of households (discounting the fact that the survey in question is cross-sectional) might have been shielded to a greater extent than the wealth of the rest of the population after economic crises. Looking at the figures for Ireland and Sweden, it is reasonable to suppose that any participation of the lowest deciles in gains from wealth – which, though meagre, did exist in 2008 – has been all but eliminated. Politically, this would mean that for lower wage earners, the possibility of owning assets and supplementing earnings has been lost. Additionally, such a finding may suggest that, since the 2007/8 financial crisis, though many among the top 10% may have received lower wages, their share of total wealth has consolidated. This consolidation has shielded them from more lasting effects of the ensuing economic downturn, such as loss of assets. Although the economic consequences of Covid-19 for the concentration of income from wealth are yet to be ascertained, there is a distinct possibility that, without appropriate policy responses, wealth concentration could become even more accentuated.

Where does the top 10% work?

First, the top 10% are more likely to have gone through tertiary education (undergraduate degrees and above) than the rest of the population. These degrees underlie structures of social stratification and prepare individuals for jobs in the service sector and professions.

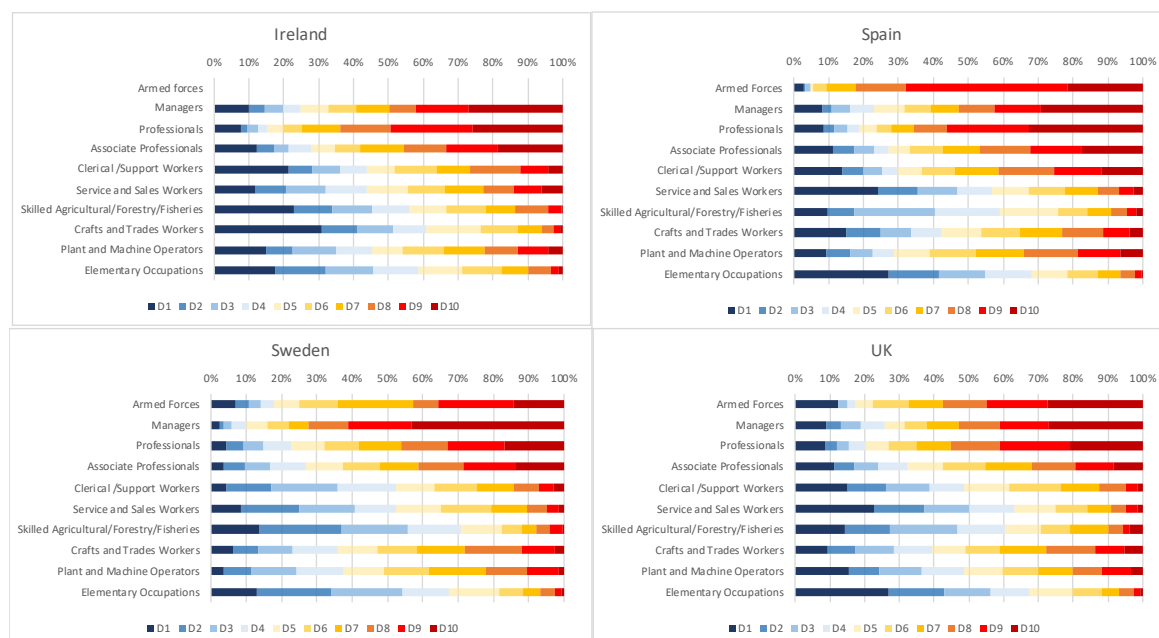
Table 5: Highest level of education attained, according to income category and country

Education	Sweden		Spain		UK		Ireland	
	Total	Top 10%	Total	Top 10%	Total	Top 10%	Total	Top 10%
Less than primary	0.0	0.0	9.0	0.2	0.0	0.0	0.4	0.0
Primary	6.9	0.6	16.2	3.4	0.0	0.0	17.0	0.9
Lower secondary	14.0	3.0	23.7	7.9	35.6	8.5	13.6	3.6
Upper secondary	37.1	22.2	20.4	16.8	25.6	14.9	21.1	12.2
Post-secondary non-tertiary	6.7	12.6	0.2	0.2	0.0	0.0	6.9	1.0
Tertiary or above	34.2	61.0	29.6	71.6	36.8	75.8	39.8	81.7

Source: EU-SILC, 2016.³¹

Data from EU-SILC indicate that this population across the four countries tends to concentrate in ISCO categories 1 (managers) and 2 (professionals), and, to a lesser extent, 3 (technicians and associate professionals) – please see figure 8. Though the proportion of individual income earners classified in each category varies from country to country,³² the participation of the top 10% in sectors where educational credentials are paramount (such as finance, technology, law, healthcare, and education) is significant.

Figure 8: Membership of income decile per occupation



Source: EU-SILC, 2016.³²

Eurostat data shows that, compounding the concentration of higher degrees amongst the top 10%, the categories of 'professionals' and 'service and sales workers' have registered the most significant

³¹ Total refers to all individuals with income greater than zero in the sample. Income is defined as in table 1, which is gross personal income from employment (cash, non-cash), self-employment, pensions, educational allowances, and other benefits. Furthermore, although there are issues in the data stemming from differing ways of classifying educational levels (especially at a pre-tertiary level), the analysis that follows focuses on tertiary education in particular.
³² These numbers are also covered in each country chapter, as they are used to define the interview sample.

increases in the labour market (see figure 9). Professionals also make up a majority of the members of the top 10%, along with managers, whose numbers have declined since the crisis in all countries but Sweden. Meanwhile, at the other end of the distribution, industrial and construction jobs declined after 2008, though there has been a small recovery in Ireland and Spain.

Figure 9: Employment per occupation (thousands)

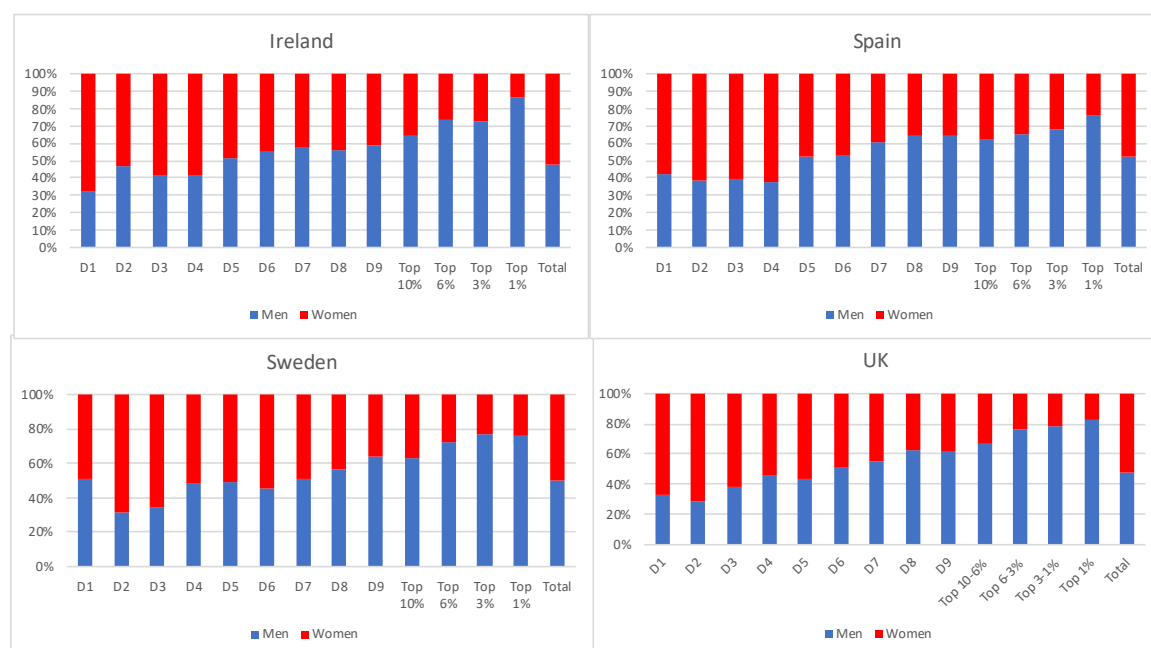


Source: Eurostat.³³

According to Eurofound (2017a), an important part of the growth of well-paid jobs in the years following the 2007/8 financial crisis has been in the service sector in the first job quintile (20% of highest paid jobs) and concentrated in the north of Europe. This tendency is especially visible in Sweden and the UK, while Spain has seen a dramatic drop in the number of jobs in the middle quintile. Combined with income concentration, it is possible that separate professional environments and a split in the labour market (with higher numbers of professionals at the top and service workers at the bottom) could exacerbate the isolation of the top 10% from the experiences of the rest.

The proportion of men and women who occupy different echelons of the income distribution at an individual level is shown in figure 10. As these particularly striking graphs show, income inequalities in terms of gender remain noticeable across all surveyed countries, both before and after redistribution. Women tend to be most numerous in the lowest decile of income earners, and, inversely, men in the top decile. The proportion of female income earners tends to hover around 40% of the top 10%, and around 20% of the top 1%. The UK and Ireland tend to perform worse on gender inequality, which Guvenen *et al.*, (2014) associate with the 'paper floor'. This term refers to the fact that top-income earners who happen to be women are much less likely to remain in that position over time, often due to the economic effects of having children.

33 Data available at [Accessed 01 May 2020] <https://ec.europa.eu/eurostat/web/lfs/data/database>

Figure 10: Gender distribution by individual income decile and segment of top decile

Source: EU-SILC, 2016.

Views on inequality, meritocracy, and trust in political institutions

Regardless of their relative economic security, however, survey data and the interviews conducted for this report reveal that members of the top 10% are aware of the existence of inequality in society, if not necessarily of its extent (Paskov and Dewilde, 2012; see also Toynbee and Walker, 2008). The data that follows is taken from the European Social Survey (ESS). The permanent rotation of the survey every other year includes a number of questions on attitudes towards welfare and some more questions on the subject in its rotating modules of 2008 and 2016.

As with other sources of quantitative data, the ESS has its limitations. The first is that income in the ESS is measured at the level of weekly or monthly net household wage, and only subdivided in deciles. For that reason, researchers cannot use the ESS to measure differences within the top 10%. The second is that the sources used to determine income vary. Though Ireland uses EU-SILC data, the other three countries use other national sources.³⁴ The third and perhaps more important limitation to the ESS is that the sample sizes of respondents who belong to the top decile do not necessarily coincide with the 10% of the total sample size. By way of illustration, and especially dramatically, in 2016 the ESS sample for Ireland was 2787, only 68 of whom declared to be part of the top decile. Nevertheless, there is no comparable harmonised, pan-European source to gauge attitudes towards inequality, which is why it is employed in the paragraphs that follow.

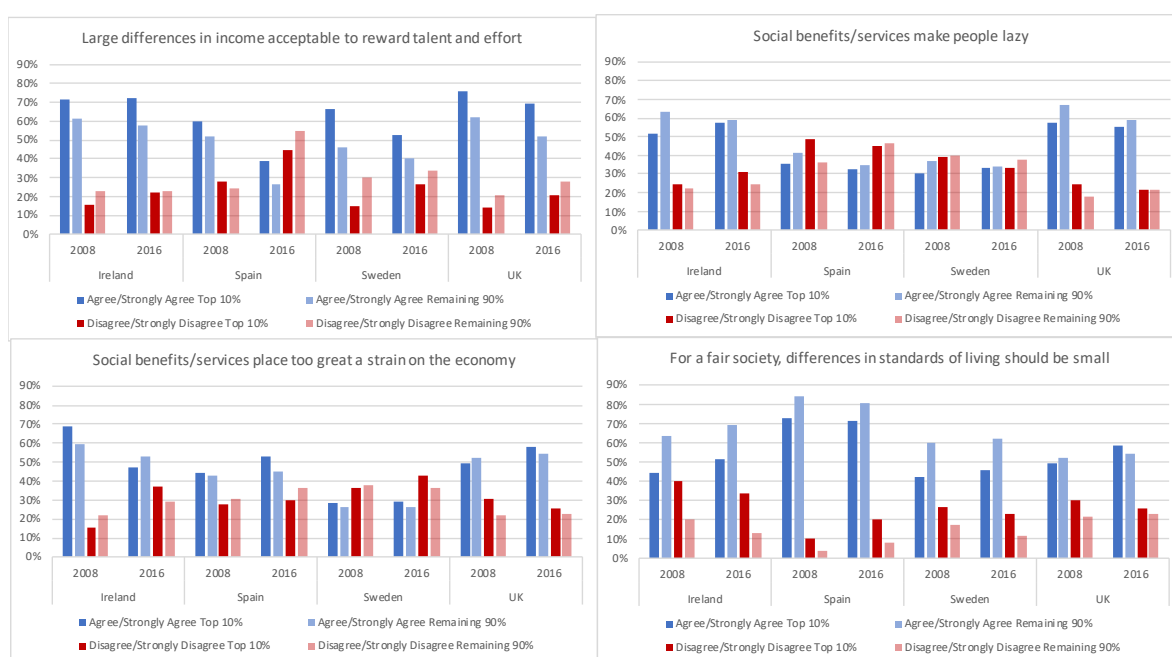
The following graphs [figure 11] are derived from the ESS group 'agree' and 'strongly agree' responses to questions on redistribution and meritocracy, from the top 10% and the rest of the population in 2008 and 2016. The findings correspond with Gilens' (2012) point that the top 10% tends to oppose

³⁴ As mentioned previously, in Ireland, the ESS uses EU-SILC to gauge income, the threshold for the top decile being over €1,620 per week. In the case of Spain, income deciles are set with reference to the Household Budget Survey (Encuesta de Presupuestos Familiares), carried out by the Spanish National Statistics Institute (INE) (top decile threshold: €3,700 a month or more). Sweden uses tax registry data to set the thresholds (top decile threshold: SEK 49,000 a month or more). Finally, the UK uses the Department of Work and Pensions's Family Resources Survey (FRS) (top decile threshold: £1,214/week or more).

redistributive policies, and Edmiston's (2017) contention – substantiated by qualitative data – that high-income earners are particularly likely to support meritocratic explanations of inequality compared to the rest of the population. Nevertheless, ESS respondents have become more supportive of redistribution across all countries since the financial crisis. A decrease in support for large economic differences to reward talent and effort (or in other words, support for meritocratic discourse) between 2008 and 2016 is observable in all countries but Ireland. In Spain, this decrease is especially stark, and to a lesser degree in Sweden and the UK. At the same time, though, attitudes towards the acceptability of income differences still differ between the top 10% and bottom 90%, with the latter, unsurprisingly, more likely to argue against large differences.

Importantly, on the basis of the ESS, there is little to be said about differences within the top 10%. The decision to conduct qualitative interviews was justified in part by needing to provide a more complex understanding of differences *within* the top 10%. The country-level chapters will include other data sources on attitudes towards meritocracy and inequality and will reflect on differences within this group, which, returning to the points made in the introduction, is one whose policy preferences are much more likely to coincide with actual policy outcomes than those of the rest of the distribution.

Figure 11: Attitudes of the top 10% versus the remaining 90% towards meritocracy and redistribution

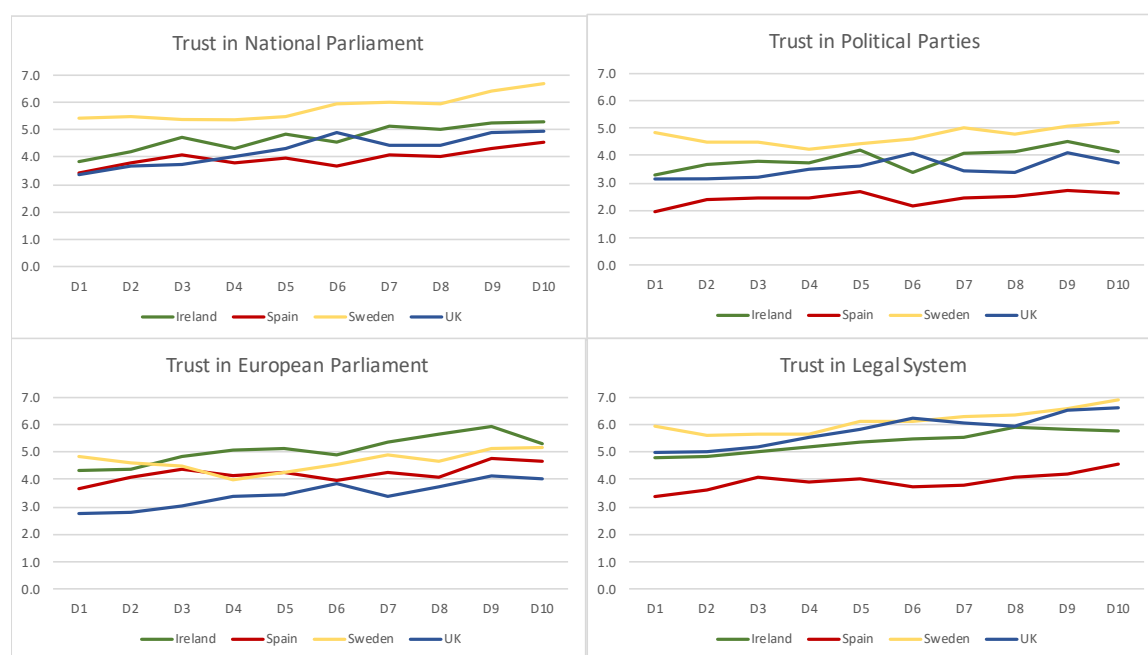


Source: ESS, 2008 and 2016.

Trust in the political system is another important variable for gauging views on policy fairness and likelihood in engaging with political processes. The graphs in figure 12, showing average scores, by decile, on trust in the European Parliament, national parliaments, legal systems, and political parties, are based on a scale from zero to ten, where ten represents the utmost trust and zero represents none. Across the board, trust in political institutions tends to increase with income, though this is not always the case in the ninth and tenth deciles. In addition, there are important differences between countries. Spain has the lowest levels of trust with respect to both national parliaments and political parties, as well as the legal system, but UK respondents have the least trust in the European Parliament. In contrast, Sweden has the highest levels of trust in the political system by most measures (except in

relation to the European Parliament, where Ireland comes out on top). With the exception of Sweden, the scores on trust showcase low levels of trust across most deciles (that is, lower than five), especially in Spain. As will be explored in the Spanish chapter, that low level of trust might be correlated with a frequent qualification made of any redistributive measure: perceived high levels of corruption are a barrier for the expansion of the welfare state.

Figure 12: Average score (0-10) on trust in various political institutions per income decile



Source: ESS, 2016.

Overall, though the top 10% has shown resilience since the 2007/8 financial crisis, the shift in attitudes toward redistribution during the same period suggest that the relative distance generated by income differences and work has not translated into neglect of solidarity and concern for society. Indeed, as far as it is visible on the ESS, the differences of attitudes between the top decile and the rest in relation to inequality and trust in political institutions are relatively gradual, and perhaps becoming more so. The question over how to deal with inequality is more about who this population trusts to enact appropriate legislation. Certainly, the evidence points to a correlation between a strong welfare system and trust in the state, as seen in the data on Sweden, perhaps the opposite being the case in Spain, where interviews showed that one of the main caveats to taxation and redistribution is the perception of corruption. Indeed, the country-specific analyses and interview data in the following chapters explore this question in more depth.

Conclusion: so far away yet so close

What does this data tell us about the top 10% of income earners? On the one hand, it appears that in line with previous research and with what might be expected, this segment is, overall, more likely to be male; between the ages of 35 and 60; hold a university degree; work in managerial and professional occupations; have more trust in political institutions; and is less likely to support taxation and redistribution. This population is also, unsurprisingly, more economically secure than the rest of the distribution and more likely to own a house outright or have a mortgage.

Nevertheless, these differences should not be exaggerated. Though in some measures (such as education and type of occupation) the differences of the top 10% compared to the remaining 90% are stark, in others (such as subjective economic security and trust) they are much more gradual. It is especially surprising, for instance, to see the degree of difficulty in making ends meet that the top decile declares to have in Ireland. This dissonance – though surely related to the fact that the definition of 'difficulty in making ends meet' changes with income – is particularly telling and raises an important question: how is it possible that this decile, the most affluent, educated, and well-positioned in society, still faces economic insecurities and strains?

A likely explanation, which will be explored in depth in the following chapters, concerns the fact that in countries such as Ireland (and to a degree the UK), healthcare, education, and housing expenses can be onerous, even for those earning relatively well. In cities such as Dublin and London, where access to elite education and housing is becoming ever more expensive, it is certainly conceivable that members of the professional class might struggle to provide the opportunities for their children that those in the top 1% do for theirs. Indeed, the growing distance between the top 10% and 1% threshold, mentioned earlier in the chapter, points to the possibility that inequality at the top is becoming as pronounced, if not more, than inequality between median income earners and those at the 90th percentile. Furthermore, as Piketty (2014) pointed out – and as corroborated in our data on the distribution of the share of income from capital – wealth inequalities have become ever more pronounced, and substantially more so than those of income. The concentration of capital income at the top percentile, even in social-democratic Sweden, is a stark warning of this growing separation between the top 1% and the rest. Such developments risk making a substantial part of the top 10% of income earners being made to feel vulnerable, especially those which derive most of their income from wages. This theme, and the ambiguity it reveals in relation to their own position, underlies the chapters that follow; very few of the interviewees in this report knew, before being told, that they were part of the top 10%.

In addition, the experience of the financial crisis of a decade ago might play its part too, as incomes at the top were particularly vulnerable, if recovering quicker than those of the rest. The economic consequences of Covid-19, yet to be fully fathomed, also threaten to affect the incomes and access to employment, education, healthcare, and housing of professionals and managers. In sum, most of the members of the top 10% are better positioned than the majority of the population, but also closer to them than would be expected, especially in trying times such as these.

The top 10% of income earners in the United Kingdom

The top 10% of income earners in the United Kingdom

I think that everybody is running around in their individual silos just trying to get things done. Then we don't have the same rooted feeling and connections with the people around us. But the other thing that stops me from doing other things is also fear, we've also become much more fearful of being involved with other people and of putting ourselves out there to do something.

Hannah, an occupational health consultant

Contextual and policy background

The UK is the fifth most unequal country in Europe (IPPR, 2019).³⁵ The top 10% take 28% of the country's income, with half of that taken by the top 1% (Dorling, 2016).³⁶ The top 1% have incomes substantially higher than those in the top 10%.³⁷ Since the 1960s, inequality has increased between the top 1% and the 99%, but fallen within the 99%.³⁸ A rise in minimum wages and reduction in top incomes since the 2007/8 financial crisis has meant that income inequality has recently declined a little. Despite this, in 2017, an average CEO's pay was 145 times higher than the average worker (Kalinina and Shand, 2018) and there is a six-fold difference between incomes of the top and bottom 20% (Joyce and Xu, 2019). The majority of households in the UK have disposable incomes below the mean income (£34,200 as of 2018) (ONS, 2019a). In 2018, households in the bottom 20% of the population had on average an equivalised income of £12,798, while the top 20% had £69,126. When original incomes are compared, the richest fifth have an income more than 12 times the amount earned by the poorest fifth (The Equality Trust, 2019).

Wealth inequality is greater than income inequality and has risen much more (Davis *et al.*, 2020; Hills, 2013; Standing, 2019).³⁹ Due to the rentier character of modern capitalism, net private wealth has risen from 300% of the national economy in the 1970s to over 600% today (Alvaredo *et al.*, 2018). Its rise has little to do with paid employment and is also underestimated. Globally, unrecorded offshore wealth has grown rapidly since the 1980s, by significantly more than recorded onshore wealth, and nearly double what it is in other countries - at almost 20% of GDP (Alstadsaeter *et al.*, 2018). And "according to the ONS, the value of land has increased fivefold since 1995. Landowners are laughing all the way to the bank: over half of the UK's wealth is now locked up in land, dwarfing the amounts vested in savings" (Shrubsole, 2019: 5).

The UK has sharp intergenerational disparities. The dividing line in terms of different generations' experiences of consumption and income is between those near or over pension age and the rest

³⁵ Quoting analysis of OECD (2018) figures showing a six-fold difference between incomes of the top 20% of households and those of the bottom 20%. The UK is also the third most unequal country by household income in the OECD, after the US and Korea (OECD, 2019).

³⁶ Due to a runaway rise in top incomes and a weakening of (p)redistributive measures, disparities at the top are such that income at the 99th percentile is double that at the 95th (Joyce and Xu, 2019).

³⁷ Since 1980, the share of income earned by the top 1% in the UK has been generally rising, peaking to 13% in 2015 (The Equality Trust, 2019).

³⁸ However, it is now around its 1990 level, due to increased distance between the top 1% and the 99% but a fall in inequality within the latter. As Cribb *et al.*, (2018) explain, these two factors offset each other.

³⁹ 44% of wealth is owned by 10% of the population, 15% having no or negative wealth. Half of England is also owned by less than 1% of the population (Shrubsole, 2019).

(Bangham *et al.*, 2019:14; Hills *et al.*, 2015:100).⁴⁰ An increasing amount of wealth is not being consumed during lifetimes leading to intergenerational wealth transfers widening the gap further (*Ibid.*:16). As Hills *et al.* (2015) state: "what will matter most will be what happens to the wealth of the older generations and to whom it is passed on" (2015:100). Millennials and Generation X devote a greater share of spending to essentials than their predecessors at the turn of the century. Despite being better qualified than previous generations, people in their twenties were worst hit by the 2007/8 financial crisis in terms of unemployment, pay and incomes (Hills *et al.*, 2013:6). The UK's consumption-fuelled growth, since the 2016 EU referendum, has been driven by spending by 65-year-olds and over.

For the past forty years, half of the UK population has barely shared in growth, with a declining share of national income going to wages and salaries and a rising share going to owners of capital (IPPR, 2019). Today in Britain, 60% of those classified as in poverty have someone in the household in employment, which is 20% higher than in 1995 (Standing, 2019:13). With household earnings at the bottom stagnant over the past decade, average weekly earnings have now decoupled from GDP growth. The country is getting richer but most people are no better off (*Ibid.*:12). Average weekly earnings among full-time employees in London are a third higher than the UK average and nearly two-thirds higher than in the north-east (Joyce and Xu, 2019).⁴¹ The UK's older, industrialised and coastal towns have seen a dramatic decline in local economies.

Prior to the second world war, the UK was at the heart of a "European and global web of trade and influence" (Egerton, 2018). Post-1945, having fully nationalised its industries, it was still an export-oriented industrial power. However, by the 1970s, its economic growth had started to slow far behind France, Germany and Italy (*Ibid.*). In the early 1970s, the UK joined the European Economic Community, became a net exporter of energy and no longer had to export manufacturing products to balance imports of food and energy. By 1976, the combination of manufacturing decline, a global energy crisis, high inflation, rising unemployment, and an influx of goods from Asia, led to its bailout from the IMF.

By 1979, a Conservative government's monetarist policies to reduce inflation and public spending saw tax changes, weakened trade union power, reformed industrial relations, privatisation, openness to foreign investment, deregulation and the creation of flexible labour markets. In the early 1980s, with a global recession and a continued loss of industry, closure of factories and coal mines, the UK experienced mass unemployment. In spite of this, growth returned and rose to an annual rate of 5% at its peak in 1988, one of the highest rates of any country in Europe. With continued financial deregulation and rising inflation, Britain's economy slid into another recession in late 1990, with a banking crisis and bursting housing bubble, but this time, recovery saw a significant fall in unemployment. Despite this, the Conservatives were no longer popular and a New Labour government was voted in 1997.

Prior to the 2007/8 financial crisis, New Labour continued many of the reforms brought in under Thatcher: a flexible labour market, strengthening of competition policy, opening to foreign investment, innovation and a growth in higher education. UK growth, driven by increased productivity and good performance in job markets, was second only to the US. The ten years up to the 2008 crash saw 40 successive quarters of economic growth, with the UK becoming a world leader in high-tech industries and a provider of financial services. Business services and distribution were also important contributors to productivity through increased importance of skills and technology.

⁴⁰ The increase in wealth between 2006-8 and 2014-16 experienced by the 1956-65 cohort (the younger half of baby boomers) was equal to half (48%) of the overall wealth rise, despite the fact that this group makes up one sixth of the adult population. However, inequalities exist with the cohort. For example, women born in the 1946-50 cohort (the oldest baby boomers) have just over half the individual wealth that their male counterparts do (Bangham *et al.*, 2019).

⁴¹ London, one of the richest regions in northern Europe, also has 27.7% of its inhabitants living in poverty (Trust for London, 2020).

However, by 2007, the UK had the world's largest current account deficit - mainly due to a large deficit in manufactured goods. It was advised to broaden the scope of its fiscal policy. With inward foreign direct investment accounting for 19.31% of its market share in Europe, it had been relying on this investment to make up for its deficit. It had become overly dependent on the financial sector and Labour governments had failed to regulate it. Rent had doubled as a share of GDP since 1985. In 2009, the UK was the world's most indebted country, with household, finance and business debt at 420% of GDP (LSE Growth Commission, 2017).

In the ten years following the 2007/8 financial crisis, UK growth was the fastest in the G7 and Europe. Today the UK's economic strengths are cited as an historically low unemployment rate, fewer older people in poverty, and world-leading sectors.⁴² Its weaknesses: its current account deficit, as mentioned, still the highest in the developed world by 2015; a reliance on foreign investors to plug shortfalls in the balance of payments; the worse real wage falls in Europe (growth was last this bad in the 1820s) (LSE Growth Commission, 2017); low productivity;⁴³ slowness to adopt new technologies; an overreliance on household debt; lack of affordable housing; a focus on short-term finance; lack of investment-led growth; neglected infrastructure and, the subject of this report, a substantial increase in inequality.

The absence of a well-trained workforce has also made it more difficult for the UK to respond to new economic demands. Britain's skills gap is exacerbated by a tax system that doesn't incentivise investment in human capital – particularly mid-level skills (Aglion, *et al.*, 2013). From the 1950s to the 1970s, public expenditure on education increased as a proportion of GDP, peaking at 5.8% in 1975 then declining for the rest of the decade and much of the 1980s. The UK's education and training systems had evolved to meet the needs of the world's first industrialised economy and only needed a limited number of skilled workers. Mass schooling developed late compared to other European countries and reinforced the gulf between education and training by giving the academic elite status and leaving vocational education to industry in the form of apprenticeships (Gorard and Rees, 2002).

By the mid-1970s, the Conservative government introduced a quasi-market into education. Driven by consumer demands fuelled by publicly available league tables, it ensured the middle class became the major beneficiaries of the best state schools, resources and funding. Meanwhile, the upper classes continued to use expensive forms of private education (Tomlinson, 2001:262). In turn, this led to educational polarisation and employment possibilities by social class 'in ways not seen since the 1950s' (*Ibid.*, 2001). The way in which alumni of top private schools monopolise elite positions in the top professional, financial and managerial jobs has been well documented (Dorling, 2014; Friedman and Laurison, 2019; Jones 2014; Tomlinson, 2001:269).

From the late 1990s to 2010, real terms spending on education increased considerably again – averaging about 5% between 1998 and 2010, and peaking at 5.7% in 2011, well above the OECD average (Bolton, 2019). However, the state sector's focus became basic skills of literacy and numeracy (Machin and Vignoles, 2006), making it more vocational and relevant to the world of work: "a prop for a global market economy, a competitive enterprise in which a rhetoric of 'opportunities for the many' covered the retreat of policies promoting social justice and equity" (Tomlinson, 2001:267). The middle class were persuaded that:

individual merit and effort would bring security and mobility. Winning [their] support for education reaffirmed educational privilege for the middle class, the higher achievements of

42 Examples include its service, aerospace, creative, science and tech sectors.

43 Part of the weak productivity puzzle observed in several other advanced economies.

those from higher social groups being persistently rationalised by the myth of meritocracy (*Ibid.*).

With this dominant 'narrow economistic' concept of education, 16 to 19 year olds were encouraged to remain in full-time education with a corresponding 'massification' of the higher education sector⁴⁴ funded by a shift from central government funds to funding from tuition fees (Belfield *et al.*, 2017:22). This has had important implications for access to the sector, living standards and levels of student debt.

Since 2012, there has been a clear decline in real terms spending on education, falling by about 14% back to its 2005-6 level (*Ibid.*). Education for 16 to 18-year-olds has been the biggest long-term loser. Higher education funding has been erratic, with falls in funding offset by larger increases in tuition fees (*Ibid.*) – the highest in the OECD, except for the US. Despite this decline, the UK still spends the fourth highest proportion of its GDP on primary to tertiary education in the OECD (OECD, 2019).⁴⁵

Nevertheless, educational policies have continued "a reproduction of a class structure, relatively unchanged despite the economic, political and cultural transformations of post-industrial England" (Tomlinson, 2001:271). The correlation between disadvantage and poor educational attainment is particularly strong in the UK (*Ibid.*). One-fifth of children in England on free school meals do not reach the expected maths level at age seven. Disadvantaged children generally perform poorly compared with their better-off peers even when located in better schools. The ability to choose schools is still a prerogative of better-off families (*Ibid.*). The education system also continues to focus on the 40% of students who study A Levels⁴⁶ and while the economic return to a degree has not fallen – and the greatest social mobility gains come from qualifications at degree level or above (Social Mobility Commission, 2019:v) – not all degrees lead to economically valuable skills (Crawford *et al.*, 2011). Inequality continues in the workplace, with the better-off still 80% more likely to make it into professional jobs than those from working-class backgrounds (Social Mobility Commission (2018:v).

In terms of the labour market, between 2008-18, almost half a million jobs were lost in manufacturing in the UK (Inman, 2018) while the service sector increased significantly. The overwhelming majority of jobs are now in the service sector. It contains 77% of companies and 85% of employees (ONS, 2019a). By contrast, 1.135% of jobs are in agriculture and 9.5% in production industries (a decrease from 17.1% in 1998) (*Ibid.*).

With the decline in public sector employment during the 1980s and 1990s, the private sector is the UK's dominant employer. In 2016, self-employment comprised 15% of total employment. Small and medium-sized businesses (SMEs) make up 96% of the UK's businesses, with the vast majority classed as 'micro' – having no employees other than the owner. Large businesses on the other hand represent a tiny fraction of total UK firms, but employ 10.4m people (40% of all employment) with the death of medium-sized businesses a long-term concern (LSE Growth Commission, 2017:38-9).

The occupational structure has also changed towards non-routine jobs (Anderson, 2009). Today, nearly half of all jobs are professional – people working as managers, professionals and associate professionals – while less than a third are working-class (see figure 1: Labour market share by socio-

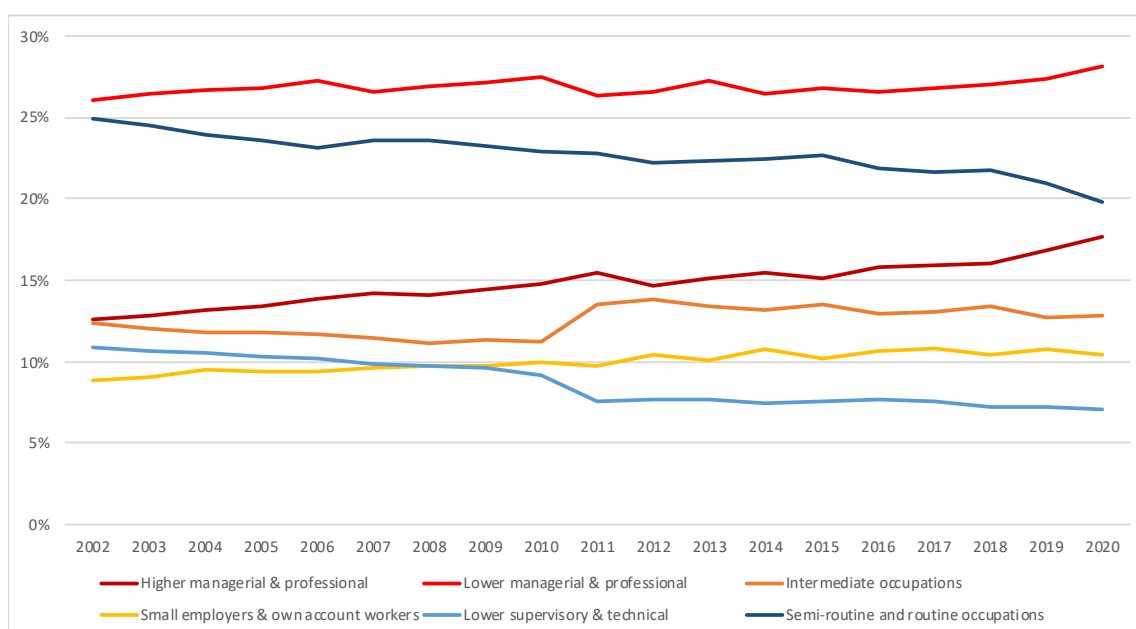
44 In the 1980s, only about 15% of people aged 18-21 went onto higher education, by 2009-10, it was 46% (Belfield *et al.*, *Ibid.*).

45 If you include private expenditure, the 2019 average expenditure (as a proportion of GDP) was 6.2%. Only Norway, New Zealand and Chile have higher figures (Bolton, 2019).

46 Advanced Level qualifications (known as A Levels) are subject-based qualifications that can lead to university, further study, training or work. You can normally study three or more A Levels over two years.

economic classification]. The UK has an 'hourglass' labour market polarising at the top and bottom ends in terms of occupation and earnings, with fewer jobs in the middle. A two-tier system of people pursuing seamless career progression at the top and those stuck in dead-end jobs, lacking security, rights or progression, at the bottom (Major and Machin, 2019:8). Some attribute the occupational shift to non-routine jobs as the cause of earnings polarisation. Others see the main contributory factor as a skills gap, due to a tax system that doesn't incentivise investment in human capital (Besley *et al.*, 2013) except for increased educational attainment at the top – especially with the rapid expansion of graduate labour – and decreased union membership at the bottom, together with the increased participation of women in the labour force. 40% of inequalities in earnings are passed through generations. However, if you are degree educated, only 20% are passed through earnings. Degree outcomes are therefore an importance leveller of income inequality (Social Mobility Commission, 2019:8).

Figure 1: Labour market share by socio-economic classification



Source: ONS, 2020.

The Social Mobility Commission⁴⁷ (2019) analysis of ONS⁴⁸ data shows that those from better-off backgrounds are now 80% more likely to land a top job than their working-class peers (*ibid.*:16) Even those from working-class backgrounds who do become professionals, earn 17% less than colleagues whose parents had professional jobs. Women from working-class backgrounds in professional jobs earn 36% less than men from a professional background in professional jobs, compared to a 17% gap between professional men and women both from professional backgrounds. For the first time, in 2018-19, the Commission also began to look at the interaction between class, gender, ethnicity and disability – the intersectional dimension is key to deepening our understanding of social mobility: women, people with disabilities and minority ethnic groups from working-class backgrounds generally experience multiple disadvantages in occupational outcomes (*ibid.*:8).

People from working-class backgrounds are now much more likely to be paid below the voluntary living wage than those from more advantaged backgrounds, which shows, as the Social Mobility Commission

47 Social Mobility Commission - GOV.UK

48 Office for National Statistics: Home

report concludes, “entrenched social mobility problems within the low paid workforce” (2019:17). Low social mobility is therefore driven by educational and employment inequalities. There is a strong link between levels of income inequality and intergenerational immobility. Real wage stagnation has resulted in falling absolute social mobility, with people’s living standards no better than their parents were in previous generations. There are substantial differences at a local level, where you grew up makes a difference to how much your family background affects your life chances (Major and Machin, 2019). People from professional backgrounds are much more likely to move and this is a “key inhibitor of social mobility [...] moving out is too often necessary to move up” (Social Mobility Commission, 2019:7).

The labour market is dominated by precarious jobs and low pay: one million people work in zero-hour contracts. It has significant gender inequalities, ethnic penalties, and stark regional employment differences. Labour market flexibility has generated greater economic and occupational insecurity with resultant inequality and levels of upward mobility lower than most people believe (Sherman, 2017:6). One in five households have an income below the poverty line, after their housing costs are taken into account (Child Poverty Action Group (CPAG), 2020). Most households living in poverty are also in work. One in three children live in relative poverty (Joseph Rowntree Foundation: 2018). The UK has seen a stark growth in homelessness and use of food banks (Fitzpatrick *et al.*, 2019; Loopstra and Lalor, 2017).

In terms of changes to the UK tax system, it remains highly centralised⁴⁹ and fused with other policy goals allowing the government to make increased use of tax instruments which are ill-understood by, or less visible to, voters (Alt, Preston and Sibieta, 2010). As a proportion of national income, tax fell steadily from 1979 and then remained stable from the mid-1990s at just below 40% of GDP, apart from the aftermath of the 2007/8 financial crisis.⁵⁰ In 2016/17, income tax, national insurance contributions,⁵¹ and VAT accounted for 60% of tax revenue, of which income tax is the main source at 25.4%⁵² but still only a quarter of all taxes paid in the UK (Murphy, 2016:38). Since the Conservatives came to power in 1979, the income tax structure has been transformed, with the higher rate of tax reduced from 83% in the late 1970s to 40% – where it has remained since (with an additional tax rate of 45% for those earning over £150,000). However, the overall burden of income tax (as measured by income tax receipts) as a proportion of national income has changed little because while statutory rates have been cut, thresholds and allowances have risen (in line with inflation), and earnings have increased, so there are more higher-rate taxpayers. While three-fifths of the UK population did not earn enough to pay tax at all in 2016-17, the number of higher and additional rate taxpayers has grown quickly over the last 30 years from 3% of the taxpaying population in 1979 to 15% in 2016-17. The top 10% of income tax payers now pay over half of all income tax paid (Pope and Waters, 2020:47).

Taxation of savings has also been repeatedly adjusted with an increasing bias towards the wealthy – those who have pensions, savings and diversify their income. As many have argued, tax relief is as important as benefits in protecting the interests of the better-off. Relief on occupational and private pension contributions – or fiscal welfare – has made a considerable difference to the incomes and spending power of the middle class.

However, one of the biggest changes in the tax system has been the growth in the indirect tax, VAT, which has doubled its share of total tax revenue. While EU countries raise high proportions of revenue

⁴⁹ Less than 5% of total tax revenue is raised locally.

⁵⁰ when it dropped to 36%.

⁵¹ National Insurance contributions used to act like a tax on earnings, the payment of which would entitle individuals to certain social security benefits. However, the link has weakened over time, and now these bear little relation to each for any individual contributor.

⁵² Fuel duties and company taxes - corporation tax and business rates (10%) were the other substantial categories (Pope and Waters, 2016).

through indirect taxes, in the UK, duties and indirect taxes constitute only 10% of revenue, of which fuel duties are the largest component (*ibid.*). In 2018, in the UK, the poorest households lost one third of their disposable income by paying indirect taxes. Bryne (2020) argues that indirect taxes in the UK are regressive if assessed in relation to the incomes out of which they are paid. And looking at household, rather than individual, income, the tax system (direct and indirect taxes) seems more or less flat across deciles, with the exception of the lowest decile, who pay the highest proportion of income as all tax of any decile.

Consumer spending accounts for two-thirds of the UK's GDP.⁵³ While this is described as a stable and resilient part of expenditure by some commentators (Nabarro and Schulz, 2019), a high share of private consumption makes the economy more dependent on the financial well-being of households. By March 2019, British households had spent more than they received, or 'lived beyond their means' for nine consecutive quarters (Partington, 2019), with a noticeable hit to family finances after the Brexit vote, and sudden drop in the value of the pound. UK household savings are also very low (Banks and Tanner, 1999).

Relative levels of spending across the income distribution vary more for some categories than others. 49% of spending in the bottom income decile was devoted to essentials (housing, fuel, food and clothing) in 2017-18 compared to 29% in the top decile (Gardiner, 2019). A survey conducted by Nationwide⁵⁴ in 2018 revealed that a third of people privately renting in the United Kingdom – millions of people – after paying their rent, gas, electricity and food, had only £23 to spend on everything else each week (Standing, 2019:58). In the financial year ending 2019, the top 10% households also spent five times as much on recreation and culture than those in the bottom decile and proportionately more of their total spending in this category (ONS, 2019b).

Young people have experienced the tightest squeeze on spending in recent years. By 2014, 25 to 34-year-olds had expenditure on non-housing items 15% lower than that of 55-64 year olds. While baby boomers have experienced the fastest increases in consumption compared to their predecessors; slower-than average consumption expenditure improvements for millennials compared to their predecessors represent a real threat to progress in generational living standards (Hirsch, Valadez-Martinez and Gardiner, 2017).

Prior to the pandemic, one of the starkest indicators of health inequality in the UK was that life expectancy has stalled and may start reversing: 2015 saw the largest rise in mortality since the second world war (Dorling, 2016; Public Health England, 2018). The UK's publicly funded, mainly tax-based healthcare system⁵⁵ has long been a world-renowned, deeply egalitarian model offering care on the basis of need rather than ability to pay, membership of a scheme or insurance contributions. The assumption follows that the NHS produces health and that improving health is a result of improving medical care (Pascall, 2012) – an interventionist rather than preventative, individualised framework in which the importance of public health is marginalised, as the pandemic has tragically illustrated. At the same time, "the UK lags well behind other nations in a number of key areas that materially affect a country's ability to improve the health of its population" (Ward and Chijoko, 2018). As such, Ward and Chijoko conclude that the question "should perhaps not be why doesn't the NHS perform better compared to other health systems but how does it manage to perform so well [...] when it is clearly under-resourced" (*ibid.*).

⁵³ In the G7, only the US has a higher share.

⁵⁴ Nationwide Building Society is a British mutual financial institution, the seventh largest cooperative financial institution and the largest building society in the world with over 15 million members. (Wikipedia)

⁵⁵ 80% of healthcare spending in the UK is financed through government expenditure, with the remainder coming from out-of-pocket expenditure, voluntary health insurance or other financing schemes (Ward and Chijoko, 2018).

Health is extremely unequal in the UK, related to socio-economic, gender, race and other inequalities. Powerful evidence of these inequalities has been published for more than thirty years (the Marmot Review⁵⁶ for example) and always finds that tackling health inequalities means tackling broader social inequalities too. Labour government policies made some impact, in particular policies to target child poverty and an expansion of early years provision and parenting support (*Ibid.*). Studies of poorer countries than the UK with good health records suggests that equality is key and that for more developed economies, waiting for economic growth is not enough. For the reduction of socio-economic inequalities and the damage they do, resources need to be redistributed – developing alternatives to big business, such as employee ownership, public ownership and reinvigorating cooperation and mutual organisations (Wilkinson and Pickett, 2010). Expensive but the alternative will be major loss of life, health and the long-term economic costs resulting from disability, ill-health and healthcare. Social care has been an ongoing national crisis for decades – with an aging population, hospital beds have declined and the responsibility shifted from hospitals to cash-strapped local authorities and from local authorities to families (Lewis and Glennerster, 1996).

Many in the UK now have to face the prospect of living in a country that is going backwards after decades framed by a narrative of progress that began with a post-war consensus about the need to provide a minimum standard of welfare and security to all citizens and an implicit acceptance of welfare capitalism (Toynbee, 2019).⁵⁷ In that narrative, economic growth would drive the expansion of welfare benefits and services (Lowe, 1993). As such, the UK's welfare regime was located somewhere between Esping-Andersen's (1990) liberal and social-democratic welfare state models.

When the 'golden age' of the welfare state came to an end in the 1970s, full employment and economic growth, which had underpinned the post-war welfare state, stopped being maintained. With the promise of low tax, less state intervention, and lower levels of public spending, the 1980s saw the Conservatives winning elections and rolling back the state and an unprecedented growth in inequality (Jenkins, 2015:10). However, despite this radical restructuring of the state, welfare spending remained stationary between the late 1970s and late 1980s (Glennerster, 2007). Meanwhile, in opposition, New Labour developed its 'third way' strategy, which saw a move away from equality of outcome to social inclusion and opportunity. It promoted market-led reforms in partnership with the private sector, controlling inflation as a priority. A 'rights and responsibilities' approach offered a 'hand-up' by the state, 'not just a hand-out', with flexible labour markets, lower direct taxes, and means-testing welfare provision. During Labour governments, annual GDP growth averaged 1.6% (the 1948-1998 average had been 2.2%) and inequality declined, but only by one Gini coefficient point. In a Guardian article entitled, 'The Labour Years: Could have done better', Toynbee and Walker (2010) argued that Labour failed to confront the public with the reality that better services have to be paid for: "Blair soothed middle England while Brown levied a little more tax by stealth." Although half a million children no longer lived in poor households by 2007⁵⁸ and unemployment fell,⁵⁹ Labour reforms had done little to address the social class dimensions of inequality (Friedman and Laurison, 2019).

In 2008, the financial crash drew attention to runaway incomes at the top and austerity highlighted the plight of those with stagnant incomes at the bottom (Joyce and Xu, 2019: 4) and was partly driven by unsustainable growth in household debt, which then hindered the recovery (Lucchino and Morelli, 2012). In 2010, accused of being profligate with public spending, the Labour government was replaced

56 Marmot, M. et al., (2010) *Fair Society, Healthy Lives, The Marmot Review*: London.

57 Albeit that it involved compromise and conflict (e.g., Glennerster, 2007).

58 A cut of a quarter from Blair's promise to halve the number of poor children.

59 Although many of the jobs that were created were in the public sector.

with a Conservative-Liberal Democrat coalition government whose main policy response was removing the fiscal stimulus and embarking on a long period of austerity.⁶⁰ Public spending cuts were presented as necessary for reducing the deficit, but were also a bid to dismantle what the government saw as an over-centralised, ineffectual, and overbearing state.

Austerity undermined business confidence and the investment required for growth was much reduced, affecting Britain's underlying productivity.⁶¹ Since 2010, the economic recovery has been driven by increasing public and private debt. In tandem, quantitative easing – explicitly designed to supply banks with liquidity to lend at low interest – has boosted the assets of the richest 10% while lending to UK businesses has been negative (Lee, 2015). Credit has instead flowed to an overheating property market, fuelling property prices (though in many areas they are now falling). As a result, "the economy has not been rebalanced towards private investment, exports or manufacturing" (*ibid.*, 2015) and the UK's debt-driven, consumption-dependent growth model means that it has a 'fundamental problem of international competitiveness' (Blakeley, 2018). Technological change and the tension between globalisation and the nation state continue to threaten the labour market and create a sense of economic insecurity.⁶²

In 2016, a referendum was held on the UK's membership of the European Union, with the UK voting to leave by 51.89%. While a Brexit deal was agreed in 2018, the Conservatives had failed to obtain a majority in the 2017 general election and prolonged parliamentary deadlock led to the policy agenda being deflected from social and economic issues. In December 2019, an early 'snap' election resulted in a Conservative landslide majority securing their mandate to ensure the UK's departure from the EU on 31 January 2020.

The political climate surrounding the referendum and Brexit⁶³ brought increasing inequality, stagnant incomes, labour market precarity, and anxieties about immigration to the fore. It also showed local and national democracies to be in crisis, with a 'hollowing out of democracy', lack of genuine political choice manifesting in the rise of authoritarian parties and the demise of centre-ground political forces.⁶⁴ There is also an intensified complexity in the relationship between values and political behaviour (the political dimension of left/centre/right but also the more social dimension of liberal/centre/authoritarian) which means that "voting behaviour will be volatile" for the foreseeable future, as voters and parties seek to find their places in this multi-dimensional space" (SurrIDGE, 2019).

How do the top 10% of the income distribution feel they have fared in this context? This chapter first

60 Austerity measures from 2009-11 included increased social insurance contributions, introducing an additional top income tax rate, withdrawing personal allowances at high incomes, cuts to cash benefits and tax credits, an increase in standard VAT rate, and cuts to public investment. From 2012 onwards, austerity policies were even more regressive, including freezing child benefit and the savings credit part of pension credit, removing child benefit from higher rate taxpayers, reforms to medical tests for disability living allowance, and spending cuts on council tax benefits.

61 $\frac{2}{3}$ of workers are employed in businesses where productivity is below average for their size and sector (LSE Growth Commission, 2017:41).

62 Economic forecasts predict slower growth in productivity may be the 'new normal', and the same will be true for growth in living standards. Real earnings are predicted to increase between now and 2022-23 and as high income households get a larger share of their income from earnings, this will increase inequality (Cribb et al., 2018:20).

63 The referendum outcome is multi-causal and multi-faceted, with many demographic, economic and political drivers (see Ferree et al., 2014). Dorling (2016) argues that the Brexit vote was largely a 'middle class English vote' based on economic inequality, with older, socially conservative, squeezed middle class English Leave voters increasingly powerless as a result of globalisation, widening economic inequalities and the failure of successive UK governments to redistribute income and wealth more equitably. They are old enough to remember more equitable times and might associate the EU with a decline in living standards as the UK has been a member of the EU for roughly the same period of time that economic inequality in the UK has worsened (Piketty, 2013).

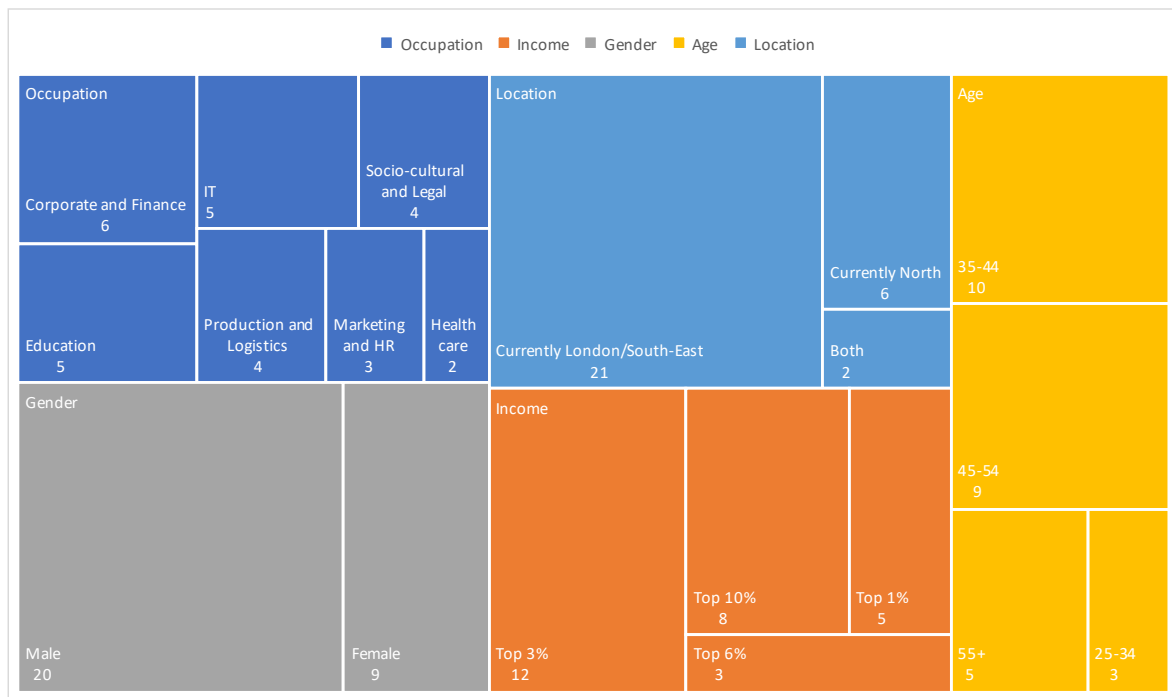
64 The under-representation of anti-EU parties in the British parliament is likely a crucial contributing factor to the lack of attention in the political process paid to struggling areas, especially in England and Wales. As a result of the First Past the Post voting system, the Brexit party currently has no MP in the House of Commons, despite the fact that it came first in the 2019 European Parliament elections. What is more, it is now becoming clear that a different type of political activism is required in a world where the interaction of social and conventional media have created huge problems for politics (Blair, 2019).

introduces the individuals who took part in the study and then discusses participants' perceptions of social mobility and inequality. The chapter will discuss how economically secure they feel, their level of civic engagement, their use of public services, and their political views and voting behaviour. Later, it explores respondents' attitudes towards inequality, their support for redistribution, and the role the state, the private sector, and wealthy individuals have and should have in relation to inequality.

Who are the top 10% in the UK?

In the UK, interviews were conducted with 29 individuals. For the purposes of this research, the sample was not intended to be statistically representative. However, it was reasonably inclusive and reflected the composition of that population in key respects. Figure 2 shows the sample's composition by occupation, income, gender, age and location. Of the 29 participants, 9 are female. This is broadly consistent with the proportion in the top 10% of income earners, of whom 28.3% are women (Atkinson, Casarico and Voitchovsky, 2018).⁶⁵ Of the participants, over three-quarters (24 out of 29) are in the 35-66 age bracket, which is, as figure 3 shows, broadly consistent with EU-SILC data and other available evidence (Joyce *et al.*, 2019). Only three respondents are under 34 years old. 24 are married or partnered and 24 have children. 27 participants are white. Despite 14% of the working population being from an ethnic minority background, many are concentrated in low-paying jobs. However, this is not uniform across ethnicities, some of which are under-represented in the sample.⁶⁶

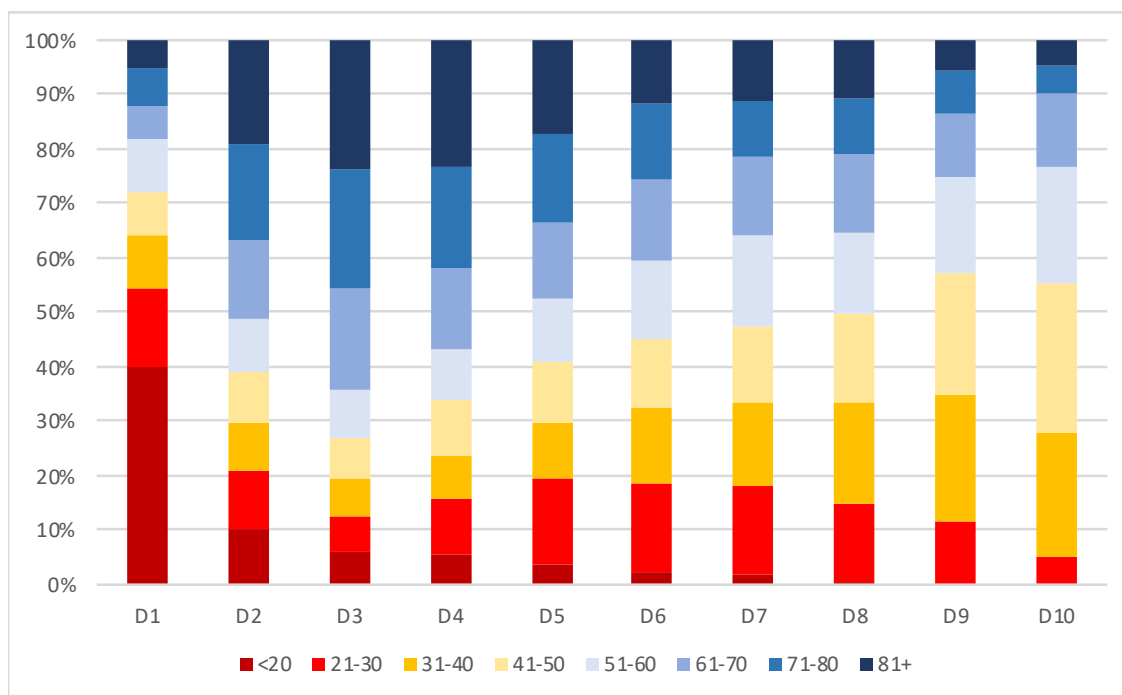
Figure 2: Distribution of the interview sample by occupation, income, gender, age and location



65 And the proportion of women declines as an individual rises higher on the income scale, with 18.9% of women in the top 1% of income distribution (Ibid.).

66 The income distribution for Black/African Caribbean/Black British workers is almost comparable with that for White workers and there are now more Indian workers in the top earnings decile than White workers (McGregor-Smith, 2017:9).

Figure 3: Age distribution across income deciles in the UK



Source: EU-SILC, 2016.

By income, the largest group, 12 respondents, are those in the 3% income bracket (earning between £97,000 and £169,999), followed by those in the 10% (£53,100- £68,399), the 1% (earning £170,000 upwards) and the 6% (£68,400-£97,099). The sample is dominated by those living in the south-east (23 out of 29, with two of those living in both London and the north). This is largely due to the researchers being based in the south-east and using 'snowballing'⁶⁷ methods to recruit participants. However, this dominance of London and the south-east in the sample is broadly consistent with what evidence tells us about the concentration of high incomes in these areas (Jenkins, 2015; Trust for London, 2017; Joyce *et al.*, 2019).⁶⁸ Six respondents work in the public sector – broadly consistent with the national percentage of workers in public sector jobs, 16.5% in June 2019, according to the ONS – and 23 work in the private sector (ONS, 2019b) [See figure 2 for interview sample by occupation].

Perceptions of meritocracy and social mobility

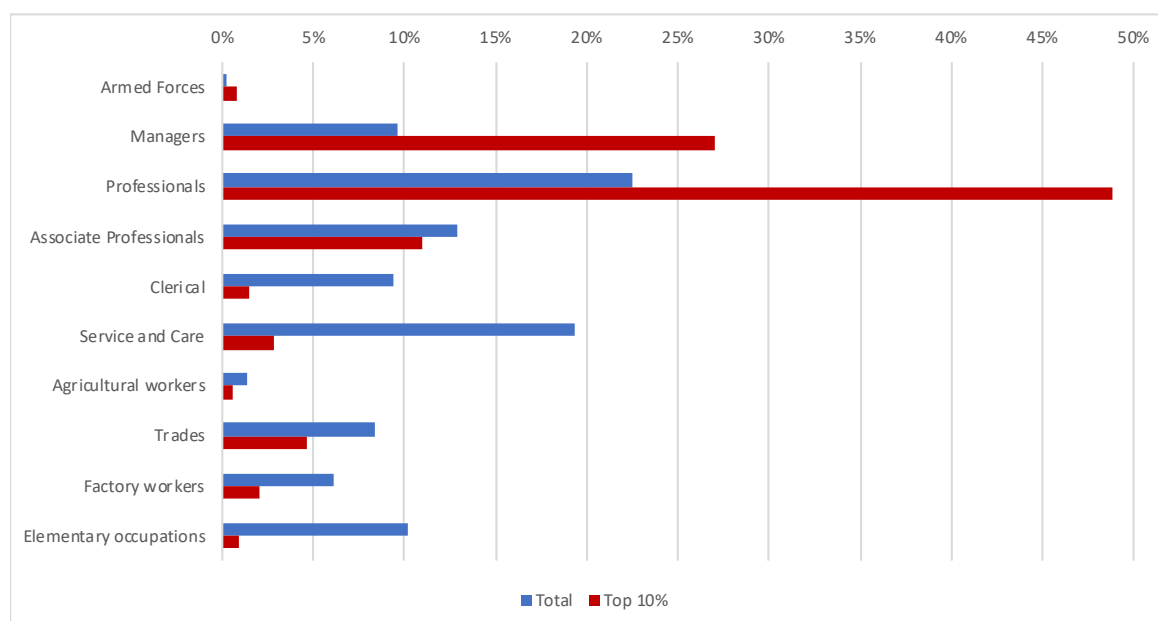
Interviews began with questions on respondents' socio-economic backgrounds and careers. Interviewers asked when and where they were born and grew up, their parents' occupation, and their education. They were then asked about their marital status, whether they have children, their current role, to summarise their career trajectory, whether they have progressed, and how they feel about that progression.

67 In its simplest formulation, snowball sampling consists of identifying respondents who are then used to refer researchers on to other respondents. Snowball sampling contradicts many of the assumptions underpinning conventional notions of sampling but has a number of advantages for sampling populations such as the deprived, the socially stigmatised and elites (Atkinson and Flint, 2001).

68 "15% of London's population are inside the poorest 10% of the national population. And 14.4% of London's population are inside the richest 10%. This makes London the most unequal region, as it has a relatively high proportion of people with high incomes and with low incomes. As a consequence, London has a relatively hollowed out middle of the income distribution within the UK. Other regions tend to have relatively more low-income households or relatively more high-income households (such as the South East). Only London is over-represented at both the top and the bottom of the income distribution. This finding has been consistent in Trust for London reports since 2009." (Source: London's Poverty Profile, 2017, Trust for London: <https://www.trustforlondon.org.uk/data/income-inequality-across-england/>)

15 out of 29 respondents come from families in which one or both parents had a professional job. The majority of respondents are managers, professionals and associate professionals, consistent with both the occupational distribution of the UK based on 2016 EC-SILC data [see figure 4] and what is known about the declining industrial and manufacturing sector and the large-scale expansion of the professional and managerial sector. By the 1990s, 37% of all those in the workforce were doing professional or managerial jobs (Friedman and Laurison, 2019:6).

Figure 4: Occupational category for total population and top 10%



Source: EU-SILC, 2016.

The majority of respondents – but particularly those with the greatest social mobility in young adulthood and working in the private sector – provide a meritocratic reading of their upward trajectory. Tony, in his early 50s, a senior manager with a top 1% income, attributes his mobility to a normative upbringing with stable and supportive parents. He describes his working-class background with pride, speaking of his father joining the army at 17 and rising to Captain, which was “quite an achievement from his humble stock.” And reflects “if my mum and dad were alive, I’d say they’d be proud of where I ultimately ended up.” Tony is one of many respondents keen to emphasise the degree to which he has travelled socio-economically. Some do this by describing the areas and communities in which they grew up in pathological or culturally negative ways: of ‘God awful comprehensive schools’ ‘getting out of the ghetto’ and being one of the ‘few who made it out.’

On the other hand, Christopher, one of only two respondents under 35, already in the top 3% of earners working for a global IT service and consulting company, describes himself as ‘massively privileged’ and states:

I don’t believe in meritocracy. If you work hard, you can improve your baseline. There are two classes in Britain: those born in opportunity and those born in disadvantage, who would need to work incredibly hard. Still there are opportunities, networks, etc., which are also unequal.

Even though Christopher acknowledges the influence of his privileged upbringing, he nevertheless describes himself as coming from a background that is ‘middle class [and] values education.’ While

saying he does not believe in meritocracy, his account still depicts education as enabling individuals to progress in an environment of opportunities for all. Indeed, education is central to most respondents' narratives. Nearly everyone agrees that social mobility is often predicated on supportive childhood influences and educational opportunities:

It's [...] having a system around you, including your parents, that are going to help you identify opportunities and nurture you. The problem is if the parents haven't had those opportunities, then it's hard for them to give them to their children. It's a vicious cycle. (Louise, a 44-year-old sales consultant, living in London with a top 1% income)

Gemma – a management consultant, in her late thirties, with a top 3% income – is an example of someone who, while not having a stable upbringing, describes herself as 'getting out' of a 'financially volatile' single parent dynamic. She attributes this mobility to being academically bright: "[I] was a high achiever. Teachers and family said 'you have to go to uni.' If I'd been an average student, that wouldn't have happened."

Educational abilities are cited as primary factors in social mobility because they are seen as acceptable, undebatable attributes that reinforce the belief that your social mobility is deserved. The extent to which respondents have had a helping hand in the past varies, and when that support is mentioned, it tends to be underplayed. Similarly, respondents vary in the extent they acknowledge their luck in not having had any significant structural barriers impeding their social mobility. Later in her interview, Gemma does acknowledge this when she tells us that although gaining a place at university did start her upward mobility, her 'very supportive family' helped with rent during a degree internship in London, which allowed her to pursue a structured career in a large corporate firm, providing the stability she did not experience growing up.

While education is central in respondents' narratives, there is little critique of the distinction between educational qualifications in themselves and the networks and social capital that education can provide, in particular, private education. 23 of the 29 respondents were state educated, as you might expect in a country in which well over 9 out of 10 people attend state schools (Dorling, 2014:35) but perhaps not as many privately schooled participants as you might expect given what research tells us about the over-representation of the privately schooled in highly paid jobs (The Sutton Trust: 2019). As the Social Mobility and Child Poverty in Great Britain Commission⁶⁹ put it, those who rise to the top in Britain today look remarkably similar to those who rose to the top half a century ago (2015:4). Just one respondent, a state school headteacher, mentions bringing education under the state sector as the only way that inequality can be properly addressed.

The top 10% and belief in their own agency

Even though educational opportunity is seen as a key driver of social mobility, few respondents mention the educational inequalities at play in the labour market. However, some acknowledge that young people today do not have the same opportunities they had. 28 out of the 29 respondents had been to university or a polytechnic, and spoke about their luck in having had a grant to pay for university, in not facing huge debt, in having had the opportunity of a good education, and in not experiencing credential inflation. However, the acknowledgement of that luck is qualified by those respondents who point out that one still has to apply oneself and make good decisions to make the most out of it.

69 [About us - Social Mobility and Child Poverty Commission - GOV.UK](#)

This emphasis on individuals' responsibility to ensure their own employability is also seen in the way respondents – particularly working in the corporate sector – talk about the importance of embracing risk in the uncertain global marketplace. This showcases the belief that upward mobility is possible solely through the cultivation of human potential, as Beck (1992) and Giddens (1998) argued. Ross, one of the youngest respondents – the head of his own IT consultancy and with a top 1% income – provides an example of an over-individualised sense of his own trajectory. He believes that good decision-making has led to his current position, knowing "[w]hen to pursue opportunity, to balance risk with reward." He reflects that "this might be related to upbringing and being encouraged to pursue risk." He goes on to talk about the importance of the ability to 'reinvent yourself,' 'to keep an eye on the trends,' and 'to keep ahead of the curve':

These days it's about working smarter. We have to see what technology is doing. Why work hard as a taxi driver if you might be replaced by a self-driving car.

Keeping ahead of the curve includes remaining competitive against a global workforce, being prepared to move from job to job, to relocate and to travel. This is particularly the case for corporate sector respondents. A willingness to be flexible is implicitly included in having the right attitude. It is closely associated with making good decisions and leveraging the skills that you have. This commitment to flexibility in turn affects their attitudes to inequality and to their local communities.

The right attitude and self-motivation are further explanations offered in respondents' meritocratic accounts. Sean – a 40-year-old with a top 1% income, who owns a recruitment company, and who did not have much parental support growing up – tells us his own motivation and hard work is the reason for his success: "Inobody coached me to go to university or to do well for myself." Equally, Tony, though having parental support, believes his motivation and effort are the key difference between doing well or not. He concedes "[it may be difficult] if you start at the bottom [...] and don't have a good school, better network but, ultimately, it is a choice and if you don't strive for more, it means you're happy being poor."

Hard work is a consistent trope, particularly for respondents working in the private sector and in those who have started their own businesses. Roy, a 66-year-old finance director with a top 3% income, comments that hard work can compensate for a lack of natural ability or talent and that being bright is not enough to ensure social mobility: "I'll work very hard. I'm not a brilliant person so I have to work hard." Some believe that they have worked exceptionally hard. Interviewers asked respondents to comment on the relative importance of hard work, good decision making and luck in their success. Jonathan, a 70-year-old former barrister, living in London, with a top 1% income, responds: "I hard work. Yes, a hell of a lot. I work harder than anyone I know. Historically, 8 days a week and 26 hours a day."

Susannah, on the other hand, a 40-year-old chief financial officer for a major bank, with a top 1% income, when responding to the same question,⁷⁰ tells us all three are important, but then gives an example of how important luck is by attributing her current position to being in the right place at the right time, when a vacancy came up.

Interviewers asked respondents to comment on the statement: 'if you work hard you will succeed in the UK.' Interviewees across the sample, including high earners in the private sector, acknowledge that hard work does not always guarantee success and that some have to work much harder than others for

⁷⁰ What role do you believe these three factors have had in determining your current status? 1. Hard work 2. Good decision-making and 3. Good luck.

similar rewards. Louise, a 44-year-old sales consultant with a top 1% income, tells us: "I'll'm sure there are a lot of people who are hard-working who are just in low paid jobs."

However, it tends to be those who work outside of the corporate structure, with experience in or with the public sector, and working with colleagues and clients from different income groups who discuss in any detail the structural barriers preventing social mobility. They not only refer to the realities of low wage work, but also may compare their salaries to those of, for example, workers fulfilling essential roles for little remuneration. Such respondents, Hecht (2017) describes as 'critical evaluators.' In this study, they also tend to be at the lower end of the top 10% income band.

When asked to comment on the statement that 'broadly speaking, if you work hard, you will succeed in the UK,' such respondents express strong feelings about inequality, and refer to the realities of low wage work. Duncan, in his late fifties, a director of a non-departmental public body,⁷¹ living in Scotland, and also with a top 10% income, comments:

I struggle with the idea that if you work hard money will come to you. If you're on a minimum wage in this country, working 16 hours a day, you'll only get a certain amount of income. Irrespective of what you do with it, that's all you'll get. In theory, being in work means you can build networks and relationships and move on and earn more. But frankly, if you're working for minimum wage in McDonald's, you're not meeting many people.

Stephen, a law professor living in Manchester with a top 6% income, spoke of people who have to take two jobs to make ends meet, who are working hard, but 'not exactly flourishing.' When asked whether he thought hard work had a role in determining his current status, Paul, an architect working with the public sector, just in the top 10% income band, who splits his week between London and Liverpool, felt strongly that it was not:

People who clean hospitals – they work hard. No, that is a terrible suggestion to make. People who think they work hard, because they earn hundreds of thousands of pounds, are not working as hard as they believe.

Hannah, a 44-year-old occupational health consultant, earning just above the 10% threshold and living in the south-east, tells us in relation to the statement 'the richer the rich, the more all of society benefits':

No! I don't agree, because I think the rich getting richer benefits themselves and I'm not sure how much of that is passed down, because I think some people get rich at other people's expense.

Such respondents also confirm the importance of networking for social mobility. Claire, a teacher, living in Manchester, with an income just above the 10% threshold, speaks of the "old boys' network. Opportunity comes from having money, contacts, knowing people in places, work experience, and connections." Kai – an under-35-year-old former doctor whose parents emigrated to the UK when he was young and who now runs his own company – observes that in his business life he gets to meet a lot of wealthy entrepreneurs who, he notes, mostly come from wealthy backgrounds. This, in part, he thinks is what made them successful, as they were able to take risks without having to worry about their financial security.

⁷¹ A non-governmental public body (NDPB) is a "body which has a role in the processes of national government, but is not a government department or part of one, and which accordingly operates to a greater or lesser extent at arm's length from ministers." <https://www.gov.uk/guidance/public-bodies-reform>

Several respondents comment that while hard work may have been the route to upward mobility in the past, this was no longer true. They felt it had the potential to contribute to economic security, but would certainly not secure it. Maria, a marketing director in her forties, living in the south-east with a top 3% income, comments that:

This was true 50 years ago [...] even if you were working-class, if you worked hard you could earn enough to get your kids through school and then to university, and then they could potentially break out of the working class and make the middle class. It's only just starting to hit the middle class that it doesn't matter how hard you work, you may not earn enough money to break even, let alone make it out of your social class. And that is key – that change.

Peter, the young IT consultant with a top 1% income that was previously mentioned, tells us:

I disagree with the idea that if you work hard, you'll do well. It used to be the case. But that plays back to when career paths were designed and the way to progress was to show that you worked harder than anyone else.

While interviewees do refer to some structural barriers to mobility, it is striking that few have first-hand experiences of significant disruptions in their career. There are hardly any references to traumatic events, chronic illnesses or time out caring for family, for example. It is noteworthy that most male respondents in their 40s or 50s describe uninterrupted career trajectories, and most had stable upbringings – often with their mother at home. They often seek to replicate that model for their own families – with their wives staying at home to look after their children. Only one woman in her late 30s, Gemma, a management consultant, tells us she will not risk her financial stability to have children.

Divorce, and the financial insecurity that follows, is the most disruptive event mentioned by more than one respondent. Nobody who starts an ambitious upward trajectory decides to change their career path due to, for example, health, or family reasons. The absence of these and other barriers to mobility, is critical to understanding this sample's tendency to attribute their upward trajectories largely to their own agency – if with the help of family support and a bit of luck.

Interviewees' narratives chime with previous research; those in higher socio-economic positions exhibit elevated sense of control over their own situation – individualised agency and rationality (Edmiston, 2017:11). Socially mobile respondents, to make sense of the places they grew up in and those who have not followed the same upward trajectories, reframe the various dimensions of structural disadvantage (whether area, housing, employment, education and health inequalities) in terms of a culture of poverty. The source of which can be traced back to the origins of the welfare state and the creation of a distinction between the deserving and undeserving poor in the workhouse (Lowe, 1999) in which the able-bodied were judged as not willing to take responsibility for their own lives (Jones, 2000) and establishing in British welfare provision that the poor need to be disciplined (Jones, 2000; Englander, 1998; Lowe, 1999).

Inequalities of income and wealth, gender, race and disability, rarely feature in their accounts. Martin, in his early sixties, another professor in the humanities, with a top 6% income, living in Manchester, is the only respondent to refer to 'everything flowing' from a personal experience of racial injustice through police violence, which led to his political activism and eventually to an academic career. He describes being an academic as 'an amazing job – a privilege.' He tells us that "he's a working-class bloke made good" who "works all the time [as he feels] guilty about privilege. I don't think I'm exceptional. I work

hard, and what happened to me gave me a perspective – some of these things are accidents, but they're not luck."

Where the individualised narrative shows some sign of breaking down is when respondents contemplate not their own lives, but those of future generations, particularly their children. Susannah, a 40-year-old chief financial officer for a major bank with a top 1% income living in the south-east, shares her concern about her children's future job prospects:

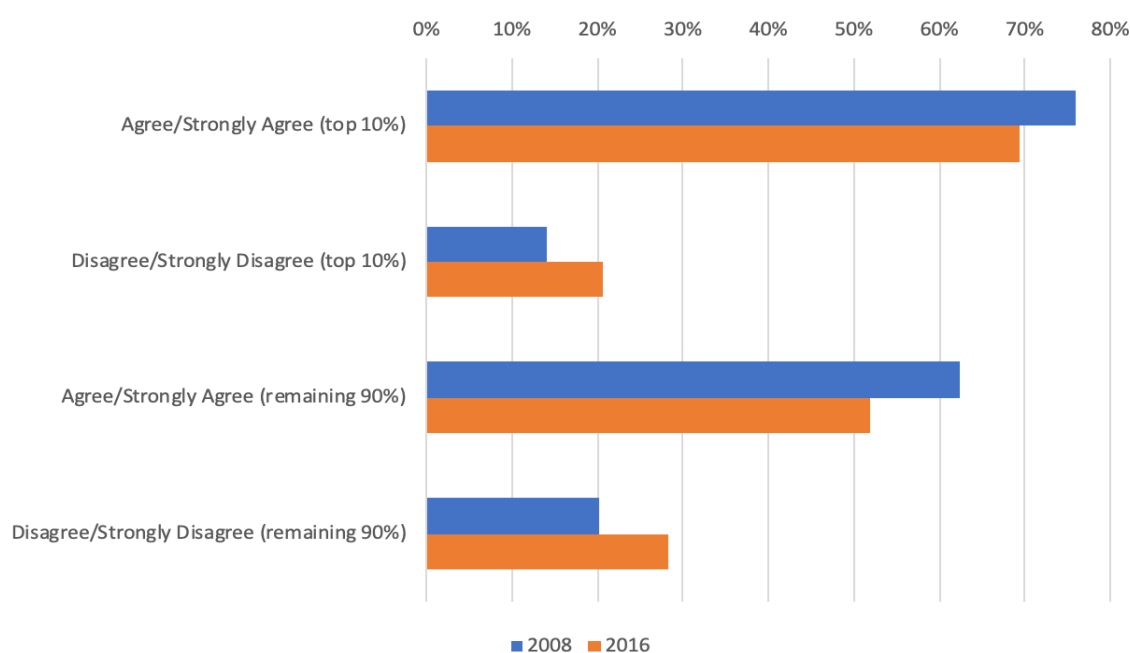
I worry about my kids. I don't know what they're going to do because all the jobs – and I say that from a financial services background – all the entry level jobs for a lot of industries have all been moved offshore, so the job that I started, the job that I did when I started my career at [investment bank] is now well and truly done in India.

Similarly, Paul, an architect, in his late 40s, living in London with an income just above the 10% mark, is concerned about the effects of intergenerational inequality on his children, particularly on housing, especially in the south-east.

I have told my three children, who've been to university in Birmingham, Keele and Manchester, that they should consider staying in the north to have a higher standard of living.

Across interviews, a strong individualising discourse frames the narratives about social mobility, particularly for those in the private sector and those who have experienced the most mobility. Educational opportunity is overemphasised and other factors – such as financial support at the right time – often downplayed. However, there is acknowledgement and concern that life transitions (whether in relation to education, employment, or housing) are not as they were. This softening of meritocratic belief systems is consistent with European Social Survey data showing that the British have become less tolerant of the idea that large differences in income are acceptable to reward talent and effort [figure 5].

Figure 5: Large differences in income acceptable to reward talents and efforts



Source: UK (ESS, 2008 and 2016).

Insecurity and the top 10%

Having heard most respondents speak with pride about their upwards trajectories, it might be reasonable to expect that they are relatively confident about their economic position. What is therefore surprising is the degree of insecurity, or 'fear of falling' (Sherman, 2017) implicit in their accounts. The majority of those living in London and the south-east, and in financial and corporate sectors, are 'upward-orientated' (*Ibid.*, 2017). That is, they compare themselves to higher income earners and, as a result, do not feel particularly rich.

Regular comparisons to the super-rich serve as a constant reminder that others are many times richer. That frame of reference is not with the population at large, but rather with those higher up in their own sector or the very top of the 1%, who seem a world away. Roy, in his sixties, a finance director for a small software consultancy with a top 3% income, shows his upward orientation in commenting "having £2 million isn't rich, but maybe £20 million, because people don't need that kind of money." Similarly, William, in his 40s, a financial consultant in a big city firm, sees himself in the middle of the income spectrum, despite earning over £170,000 per year, which puts him in the top 1% of income earners, a status of which he is well aware. He is able to hold two contradicting self-perceptions:

I see myself as fairly middle of the road and average, but objectively, I know this is completely untrue. I know I am in the top 1% but I also know that I am a million miles from the super-rich.

Ben, an IT consultant in his late thirties, living in the south-east, who earns just over £100,000 (top 3%), told us he did not consider himself high earning when approached for this research project. He had "self-selected himself out of the potential pool based on that [...] and it might be worth re-wording [the Facebook recruitment post for the research project]." One of the questions interviewers asked was where interviewees would place themselves in the income distribution, which researchers then contrasted with EU-SILC data. Dan, a head of client services at a marketing agency in his early forties with a top 6% income, thought he was in the 10-15% income bracket. An interviewer asked him if he finds his relative income position surprising:

Yes. It hammers home that there are a lot of people who earn a lot less. When you walk into work from Waterloo, I look around and presume everyone earns the same or more, the reality is not the case.

Little contact with those from other socio-economic groups makes it hard to assess what 'normal' could be like for other people – a theme returned to later.

The high cost of living, especially in relation to housing, is another reason that interviewees do not feel rich. 27 out of 29 own their own home or have a mortgage, with some having two. However, 21 also live in the south-east. Jonathan, an over-65 year old semi-retired barrister living in London, still earns £170,000, but is nevertheless concerned about the possibility of losing his house if a mansion tax is introduced. He is angry to be even included in the 1% income band which he finds a 'nonsense bracket' as there "are very few [in the 1%] saying they're comfortable [...] you're going from £170,000 to £100 million or more [...] a ridiculous bracket [...]; it ignores assets [, plus,] there are landowners."

Louise, a 44-year-old sales consultant living in London with a top 1% income, tells us that stamp duty is 'too punitive,' but that is "probably because I'm living in a very expensive area of the country." William, in his 40s, also in the top 1%, always lacks cash and complains "everything I earn goes at the end of the

month: school, holidays etc. I never feel cash rich." He is also eager to point out that his wife only has a middle-sized German car and that grandparents pay for the children's private school fees, suggesting that they are not to be counted amongst the super-rich. Given his immediate social environment, he is aware he might have a biased view. Reflecting on his outgoings, he adds: "I find it surprising that it must be very hard for vast numbers of people to make ends meet."

Only seven respondents, from across all income bands within the 10%, told us the 2008 crisis impacted their career progression. William, who worked for a large management consultancy at the time, says that his career was affected, even though he kept his job – because his team 'disappeared overnight.' By contrast, Maria, with a top 6% income and who also worked for a management consultancy firm in 2008, did not think her progression had been affected: working in a large corporation meant she had been 'insulated.' A mixture of luck, being relatively cheap to her employer, and hard work, meant she was not made redundant:

There was less work in tax but a lot more work in consulting [...] and I ended up moving to consulting [...] because they wanted someone like me helping over there. So that probably helped save my job, but I think I've also been lucky in that I do work very hard and also I'm not too expensive.

Dan, 39 years old, a marketing consultant, living in the south-east, was a casualty of the financial crisis. For him, 2008 had a "massive effect on our industry. People spending much less recruiting – ended up with me being made redundant." He now works for a smaller HR company with a top 6% income. Paul, an architect in his late 40s living in London, is just above the 10% threshold, largely due to now paying his employees more than himself, describes the impact of the crash on his practice:

Our practice went to ground zero with recession. I was a partner in an existing practice then set my own up. In the recession, I was desperate to keep a job and worried about supporting my family. Now that I'm running a practice, I'm worried about keeping everyone else in jobs."

Respondents talk about having felt the 'ripples' from the crash but not being directly affected. Alan, a 50-year-old director for a logistics company in the south-east with a top 3% income, also 'confessed' that the crisis had 'bypassed me' but felt "[i]n services and effects [it is] not over for 'normal' people."

While Alan had not been adversely impacted by the financial crisis, he is one of a number of older male respondents to describe insecurity resulting from divorce in his late 40s. At an age when their parents would have been moving into comfortable retirement, having paid off their mortgages and seen their children become independent, they instead found that their upward trajectory had been disrupted. Having been through an expensive divorce, Alan talks about the prospect of continuing work into his 60s and 70s. Paul, also divorced, articulates a similar sense of insecurity about the future, but more particularly of being an older person competing in a labour market with younger versions of himself: "[y]ou find yourself back in the twenty-somethings situation, but with less potential."

A similar insecurity *vis-à-vis* a fiercely competitive labour market is also expressed by younger respondents. Gemma, a management consultant in her late-thirties with a top 3% income, and one of the few respondents with no dependents, nevertheless articulates insecurity about maintaining a sufficiently high income within the corporate sector. Having initially been drawn to the rigid structure of working in a large corporate firm, she started to feel she was on 'a treadmill' and left to become an independent contractor. However, she now finds this 'a scary move', partly because there's no

'structured progression' but instead some fluid sideways movement which means that her income 'may go up and down a little'. The pressure is made worse as the amount of money she needs to sustain herself is increasing, so "my stable bar gets higher all the time." Gemma even explains her decision not to have children is partly due to not wanting to feel "trapped financially [...] coming from a volatile economic background, where money was always really tight, and [things were] unstable." When asked whether she has savings, Gemma alludes to financial instability: "I'll have to keep a pot [...] because my job's really unstable."

While respondents didn't explicitly refer to the insecurity of their sector, the sense that they always had to be moving on, moving up, and could not take their position for granted in any way, was a striking feature of the narratives. This lack of expectation about permanence of positions in the private sector contrasts with what research has found about greater job retention in the public sector allowing employees to become more skilled and earn more over time (ONS, 2017).

Unsurprisingly, insecurity about the future was also raised in relation to Brexit. For those with a partner from the EU, the flexibility and agility they describe as the means of social mobility in their work lives is also applied to their personal lives. For example, one of the interviewees, Alan, has a Finnish partner, and feels it is extremely likely that he and his family will relocate after Brexit, and makes the point that he has the means to do that. Similarly, Ben, 39, an IT consultant living in the south-east in the top 3%, explains:

For my own future within the UK, I'm pessimistic. Brexit is a big factor colouring that [...]. My wife is Bulgarian so my daughter can also have Bulgarian nationality. If things go badly, it's not too difficult to move. If it goes really badly in the UK, I can see us moving overseas.

In sum, insecurity tends to be seen in those who may work in the private sector, particularly the finance sector, and who live in London and the south-east, in which they compare themselves with the 'super-rich' and feel the high cost of living. This confirms the findings from other research of a pervasive uncertainty and chronic insecurity (Standing, 2019:16) about the future of jobs, housing, and relationships, present even in the top decile.

Aging is a contributing factor to this, as are disruptions from personal events such as divorce. In the background, corporate culture looms large. It stresses the need to keep up in a fast-moving competitive world, in which respondents know they can be replaced by younger, more technically skilled candidates. More recently, Brexit has added to a feeling of insecurity, as its implications could impact both their working and personal lives – albeit that there was no personal concern about its economic impact. Respondents are insulated from that, as Ben says above, if it comes to it, they can move with capital.

Giving back: the top 10%

17 out of 29 respondents regularly donate and either currently volunteer or have at some point. However, only Nigel, a 52-year-old state school headteacher with a top 3% income, currently volunteers extensively. Lack of time is cited as the main barrier. Martin, the law professor mentioned earlier, says, 'work is life. That's it.' Gemma, who was also quoted earlier, feels that charities should make it easier for people in full-time work to volunteer. She also says that she likes to see the tangible effect of her donation. This desire for seeing where money is spent chimes with a wider concern, discussed further on, that governments do not use our taxes efficiently.

Most respondents have volunteered as a one-off activity, but those in the private sector have often only done so as part of their employer's corporate social responsibility initiatives, which as Sean, a 40-year-old owner of a HR company in the top 3%, admits "is a bit of PR as well, let's face it." When asked whether he thinks inequality has risen, he does not answer the question directly but instead refers to the generosity of CEOs in the corporate world.

As you get up the ladder – I spend a lot of time with CEOs – you see a lot of giving, generosity, charity and CSR. I'm probably sheltered but I don't necessarily see [inequality] on the increase.

Sean, as he suggests himself, only has a narrow frame of reference with which to judge broader inequality. He can only make a judgement about broader inequality through assessing the behaviour of those within his own income group. This social distance runs through many of the narratives, being more marked for those working in corporate cultures.

Attitudes to volunteering and time spent in local communities seem to differ by sector, gender, and family structure. Those with young families either did find time to volunteer or felt conflicted that they did not. Susannah, for example, with one of the most senior jobs in our sample, a chief financial officer for a major bank, and a top 1% earner, manages three local children's football teams. Meanwhile, Hannah, a 44-year-old occupational health consultant with a top 10% income living in the south-east, reflected on the reasons that she finds so little time to engage with her community:

I don't know, what stops me from doing things in my community? I've barely got time to do the things that I need to do. I was reading a book with my daughter about the Stone Age and someone fell into a hole and ended up back in the Stone Age where villagers are working together. It made me think [...] we're all so busy running around, living our individual lives and I for one have such little time to do what I feel I need to do, that I haven't got anything left. I think part of this is because of increased expectations [...] the hours that people commute, the hours they spend at work [...] we don't have the same connections. I don't know whether I'm going around in circles.

Roy, a 66-year-old finance director in the top 3%, says that while he doesn't volunteer or donate, his wife had worked for Oxfam, implying that he does not feel a moral obligation to do any such activity himself as his wife has already contributed. For some men in particular, volunteering is associated with something you do when you get older and retire. Christopher, an IT consultant in the top 3%, cites moving around as his barrier to voluntary work: "as soon as we settle down. [We're] quite nomadic at the moment. I would like to do something hands on."

It tended to be male respondents who did not see their current level of engagement with their community as problematic. When asked about social division in his local area, Ben, 39, an IT consultant living in the south-east with a top 3% income, responds:

Not so much. In some places, like gated communities maybe. But given I'm in the top 3% and I'm living in an end of terrace house that's not especially large, I don't think that differently to some of the parents I see at school who are unemployed and live in a similar house a few streets away. I'm not in a rich area that's full of Mercedes and around the corner are hovels and everyone has an old fiesta.

In contrast, Hannah, a 44-year-old occupational health consultant earning just above the 10% threshold and living in the south-east with children at the local school, is critical of her existing level of engagement,

which she sees as having resulted in a fear of interaction and distrust others: "[I]f everyone's running around in individual silos, [we] don't have the same connection around us. Fear also stops me. Of being involved with people around me." She compares this to her experience of living in Denmark, where her partner is from, and talks about the importance of learning to connect with others at a societal level:

As humans, we ought to care for other people. It's easier to be compassionate for an individual if you have contact with them, than it is to make a connection with wider society. So, it's on two levels – individuals – people you have connection with – but also structure – which should be there to guide us all into that.

Moving or travelling frequently for work, compounded the sense of not being tied or belonging to any one place. Several respondents' working lives were characteristic of changing labour market trends, including short contracts, constant relocation, and remote working. Several also had, or had partners who had, been born and brought up in different countries, sometimes owning second homes in those countries.

However, narratives on the relationship between individuals and community also conveyed a sense that not being physically grounded in any one place, is also associated with higher status. Isolation from social context is something that only the very wealthy can achieve and why some respondents felt they are not negatively impacted by inequality. Alan, a 50-year-old logistics company director in the south-east in the top 3%, comments: "[I]f you're rich, you engineer situations where inequality doesn't exist [...] it's not a problem to you. You can isolate yourself."

Public services and the top 10%

The association of privilege with independence from welfare services led to some respondents seeming proud to declare that they do not use them, distinguishing themselves from those who are 'dependent' on them. Alan, when asked whether he uses or has recently used any public service or benefit, replies "[n]o benefits! Don't get any! Don't qualify! [laughs]." Just as there is stigma for the person who needs to use public services, particularly social security, so there is a status attached to the person who does not. While some would refer to having their bins collected or going to museums or parks, few mentioned transport and others wanted clarification as to what was meant by public services.

Some respondents complain that public services are lower quality or less available than in the past and express fears about the effects of this decline. Paul, an architect just in the top 10% income band, manifests this fear in relation to his children:

Recently one of my children had to call 999. A burglar had got into the ground floor flat and was making his way up to the first floor. They didn't answer at first. Then, [the police] didn't come for 25 minutes. It's only until someone calls it [an emergency service] that you then feel it is lacking [...] Until you need it, you don't know.

Public services are also criticised for their inefficiency, which is used as justification, for turning to, for example, private healthcare. Sean, a 40-year-old owner of a HR company in the top 3%, comments: "[I]'ll be honest, I have a private GP and any medical attention I've had the NHS has failed to deliver. So, I've gone private." Some respondents suggest that they would move more towards the private sector, but its high costs are out of reach. Dan is under 45 and working in HR with a top 6% income, he lives in the south-east with young children at a local state school. He is privately educated, but described private

education for his children as financially out of reach. Asked what he thinks of current access to universal public services, he replies:

Healthcare services could possibly go private but then they are much more accessible than private education.

In sum, this sample tends to differ by gender, occupational sector, and family structure as to their relationship with their local communities and civic and political engagement more generally. Respondents tell us they have little time for engaging in their communities and with different income groups. Women tend to worry more about this than men, especially those with children. Social distance is expressed, for example, in the tendency to donate rather than volunteer. The exception being respondents with young children who are involved in their children's community activities.

The responses given about their jobs, self-perception and action also convey a working culture, particularly in large private corporations, that makes it more difficult for respondents to strengthen their connections with the community, especially with different income groups. While factors such as lack of work/life balance and travelling for work prevent this type of engagement, this is compounded with homogeneity of workplaces and the geographical concentration of high-income housing. This research confirms the importance of understanding high earners' empathy with lower income groups in terms of their everyday experience. "By virtue of their position, affluent individuals have a relatively limited exposure to the structural constraints and barriers that detrimentally affect their own material wellbeing or agency" (Edmiston, 2017:4).

The competitive, 'winner takes all' ethos of corporate culture prevents respondents from valuing activities such as volunteering. Its dominance also prevents them from considering the gendered politics of unpaid work, time, and care. Respondents believe public services are inefficient – and use this belief to justify using private provision, which they also attach a status to. Our findings suggest that a priority for those seeking to foster social solidarity in this group should be de-stigmatising public services – the top 10% should be able to use public services without thinking less of themselves.

Politics and the top 10%

Respondents were asked if they vote, if they are members of a political party, if any party best represents their views, which party they last voted for, and for which they would do so in the future (and why). They were also asked two questions on the future of the country – are there any societal tendencies that make them worry about their futures in the UK, and are they mostly optimistic or pessimistic about the country and their own future in it.

In terms of political engagement, nearly all respondents vote. When asked what individuals should do to tackle inequality, Gemma replies that 'voting is part of it.' Similarly, Tony comments: "if you want to get involved, then you have to vote, take part in the democratic process." Those who haven't always voted regularly, explained that when they didn't, it was due to work relocation and not being based in any one place for long.

Martin, the law professor in the top 6% living in the north, and Paul, an architect just in the top 10% income band, are the only two respondents to have been to protests. Paul is also the only respondent to currently be a member of a political party – Labour, of which both his parents had also been members. Two other respondents had been members of a party. One, Gemma, had briefly been a member of

the Liberal Democrats as part of an internship in Parliament, but left once it had finished. Ben, 39, an IT consultant living in the south-east earning just over £100,000 (top 3%), had been a Conservative party member but left once the party had 'taken a lurch to the right.' When asked about party membership, a 70-year-old former barrister living in London, with a top 1% income, comments, almost proudly: 'I'm not really a joiner.'

Only one respondent, Duncan – a director of a non-departmental public body in Scotland who votes for the Green party – is a lifelong trade unionist and feels strongly about their role. He has also volunteered extensively in the past. The lack of trade union membership in the rest of the sample is unsurprising.⁷² Most of the Labour supporters are to the right of the current Labour leadership, just as Conservative respondents tend to be on the left of the current Conservative party. At the time of the interviews, both sets of respondents tell us they are considering supporting the Liberal Democrats in the [upcoming] 2019 general election.

Only four respondents tell us they voted Conservative in 2017, all of whom have young children, and three of which work in London in the corporate sector and are in the top 1%.⁷³ Three of them are surprised by their position on the income distribution. Upward-orientated, they all think they are placed much lower down. Louise, a 44-year-old sales consultant living in London with a top 1% income, is one of them. She worries about the high cost of living and does not feel particularly wealthy. She is open about her reasons for voting Conservative because "it's the tax issue, protecting the high earners." While she agrees that those with lots of resources should actively care for those with less, she says she already pays a lot of tax, and therefore does not believe increased taxes would solve the problem. Susannah, another 1% income earner with young children living in the south-east, is similarly concerned about taxes. She feels that both stamp duty and inheritance tax are 'double taxation' and you shouldn't have to pay them. In terms of inequality, she feels that there has to be 'a gap' – a certain level of inequality for society for the economy and businesses to run, that they won't and people "won't strive for anything different [...] if everyone has the same." At the same time, she thinks there is a duty to "make sure people at the lower end of the gap can live well and healthily."

Respondents working in the public sector, who tend to have older children and more contact with other income groups, are more likely to vote Labour. Jacqui, a headteacher working in a state school in the top 6%, feels that living in the north gives her a more 'grounded' political perspective on inequality, which is also informed by her work: "Inequality is to be concerned about – you want every kid to have the opportunity to succeed." However, others who have voted Labour in the past, feel it is no longer for them as it is veering towards the extremes of socialism, the latter, now a 'dirty word' and contrasted with the pragmatic, centrist politics of the Blair era.

The same criticism of 'moving away from its typical centre ground' is levelled at the Conservative party. This leaves some respondents feeling that "there's no party that I feel totally affinity to" as in the case of Christopher, an under-35, working for a global IT consultancy, and in the top 3%, who doesn't vote. Tony, in his early 50s, a senior manager in IT with a top 1% income living in the north, comments:

Everything's 'far' – what's happened to the centre group? It's not just in politics, it's in every area of life, there's nowhere everyone can meet [...] the age of debate is disappearing. The age where

⁷² It is also unsurprising in the national context: trade union membership among the UK employee population stood at 23.4% in 2018 (Department for Business, Energy and Industrial Strategy, 2019) and even among Labour party members, many of whom work in the public sector, only at 32% (Bale et al., 2018:10).

⁷³ Support for the Conservative party steadily increases by income, while Labour support stays relatively stable across income groups but drops among the top 5th quintile of household income distribution. (To explain voting intentions, income is more important for the Conservatives than for Labour) Alfonso (2015).

you could persuade people of your opinion has gone. Everyone sets off down a track, I don't know when it happened [...] and they become polarised.

Even when respondents identify with a party, most still have caveats. Roy, a 66-year-old finance director with a top 3% income, says that the Liberal Democrats probably best represent his views, but that he won't necessarily vote for them as he doesn't see what difference it will make. Jonathan, a 70-year-old former barrister living in London, with a top 1% income, tells us that he has always been a Labour supporter, but that he often doesn't vote for them. Claire, a teacher living in the north with an income just above the 10% threshold, describes herself as a 'floaty voter.'

Out of the 21 participants who responded to questions about their past and potential future voting behaviour, most said that they would be voting for the same party in the 2019 general election as they had voted for in the last. Most respondents intended to vote for the Liberal Democrats (with Labour following as the second), primarily because of their pro-Remain stance on Brexit. The parties' different stances on Brexit were the main deciding factor for those respondents contemplating changing their vote either from the Conservatives or Labour. While there was no specific question on Brexit in the interview, respondents also raised it in the sections of the interview discussing inequality and the direction of UK politics. Louise, a 44-year-old sales consultant living in London with a top 1% income, comments on Jeremy Corbyn becoming Labour party leader:

The fact that people like Jeremy Corbyn are still leaders. No one ever thought originally that he would stay so long. Maybe that's due, in part, to the inequality across the nation. Yes, it's definitely played a part.

Ben, 39, an IT consultant living in the south-east earning in the top 3%, was one of many to comment on inequality and polarisation:

There's more polarisation in politics, perhaps because of inequality. You become not so happy with how things are organised and you either follow Jeremy Corbyn or the Green Party route, or you blame it on foreigners and get into UKIP.

Dan, in his early forties, head of client services at a marketing agency and with a top 6% income, describes the turmoil caused by Brexit (interview conducted in April 2019):

Brexit is on everyone's mind. A few weeks ago, it felt like the country might tear itself apart. It's questioned friendships, political standing, democracy as a vehicle for governing, and that's quite scary. People seem hell-bent on destroying what was a democratic process. MPs are not acting on behalf of the public. The whole thing is an abomination.

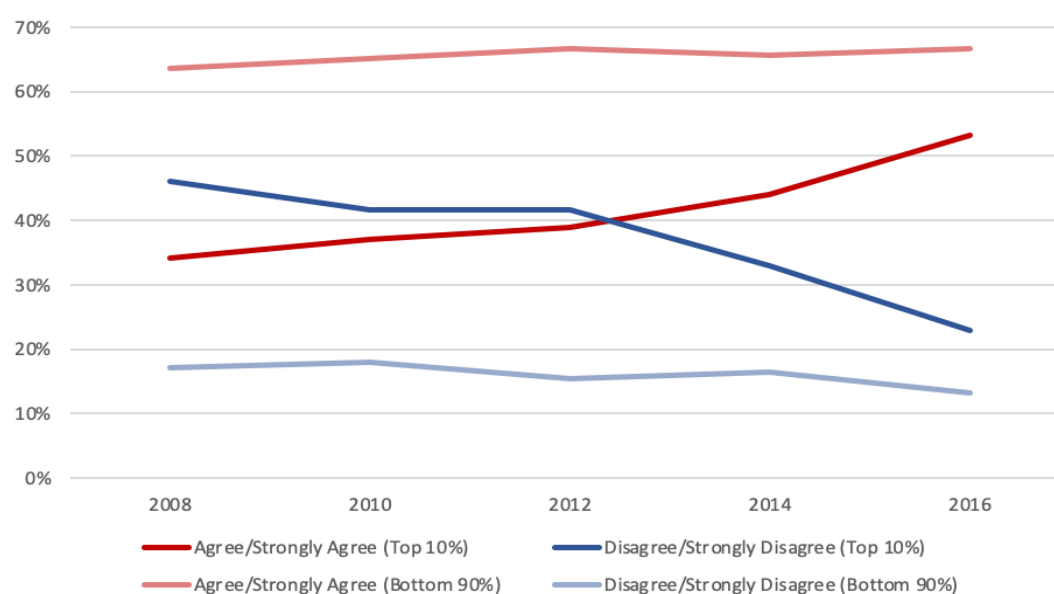
In broad terms, this group regrets the decline of the centre-ground in UK politics and, without that centre, don't feel particularly well represented by any party, even though most still vote. While respondents fear current 'extremism' and polarisation and at times acknowledge the effects of inequality on democracy, nobody elaborates on the ramifications of these divisions for UK society as a whole – what Brexit has revealed about the 'stark age divide' and 'divides along the lines of the spread and centralisation of wealth' (Dorling, 2016). Nor do they question whether the current system of financialisation and austerity, that has worked for some of them to a certain extent, will continue to do so?

Inequality: what do the top 10% think about it?

Interviewers asked several questions about inequality – what are your feelings about it? Is it increasing? And if so, how is it noticeable? Is it a cause for concern, inevitable, or even necessary? And what are its primary causes?

Three-quarters of respondents feel inequality is increasing and, when asked how this is noticeable, speak of the more visible elements of poverty, such as homelessness and food banks. Nearly all are concerned about inequality at its most extreme and feel people should not be 'struggling on the breadline'. They see providing for those with less resources as a moral duty or responsibility, if a reluctant one. European Social Survey data [figure 6] shows that, even while the top 10% is less favourable than the rest of the population to redistribution, and therefore more disagree than agree with the statement that the government should reduce differences in income levels, their attitude has been changing. The UK now looks more like that of other countries. In 2016, respondents were more open to the suggestion of redistribution than they were in 2008.

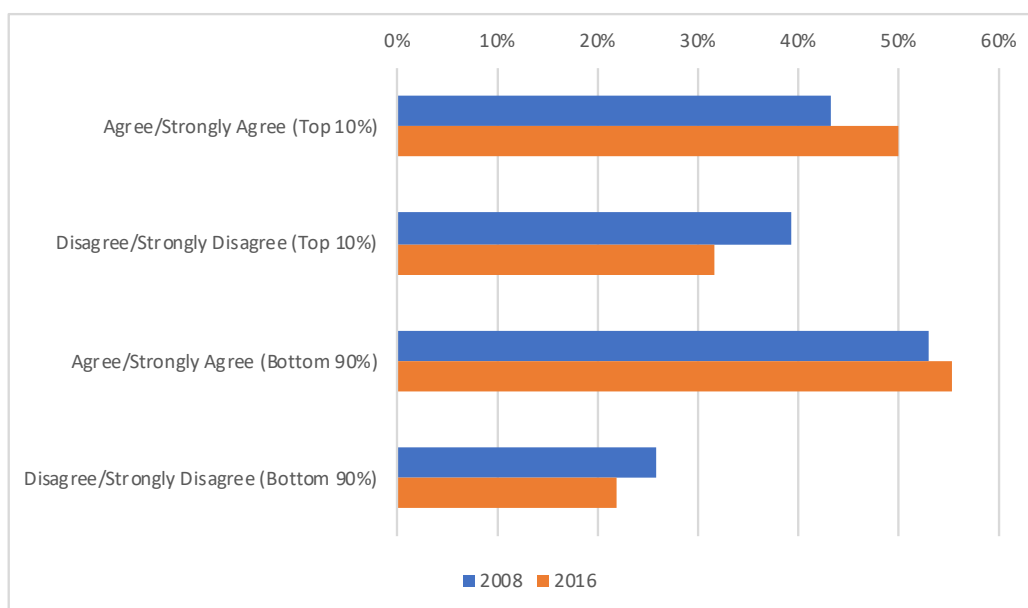
Figure 6: Government should reduce differences in income levels



Source: ESS 2008 and 2016.

While those earning 1% and 3% top incomes tend to feel this duty is already being carried out by the rich paying more tax, others – often those working in the public sector – disagree. Claire, a teacher living in the north, just above the 10% threshold comments that “[t]he rich shouldn’t be rich at the detriment of the poor. There should be a basic standard. They should have a duty.” This concern about a society’s duty of care is consistent with European Social Survey data showing an increase in the percentage of British people who agree/strongly agree with the statement “For a fair society, differences in standard of living should be small” [figure 7].

Figure 7: For a fair society, differences in standards of living should be small



Source: ESS, 2008 and 2016.

Susannah, a 40-year-old chief financial officer for a major bank, well in the top 1%, was one of several respondents who struggle to separate out inequality from relative poverty⁷⁴ and better standards of living. She thinks that rather than being on the increase, the public might only be more aware of inequality:

I think [inequality] probably has [increased], but I don't know [...] whether it is more noticeable, because [people], and I include myself in this, place more importance on tangible items and being portrayed to have the best trainers, the best car, the best telly [...], so I don't know whether it's because it's risen or whether it's just because we have more access to those items and therefore it's become more visible.

Interviewer: So, there's more competition at the level of consumption, of showing you have enough to spend on these things?

Susannah: Yes, and it's become more of a status symbol – 'I'm doing well because I've got a new car', or 'I'm doing well because I've gone on this holiday' or whatever it might be.

The lack of exposure to different income groups by those working in the corporate and financial sector, is a significant barrier to their understanding of inequality. They have 'availability bias' (Hecht, 2017) in spending their working and social time in a homogenous reference group (made worse by geographical concentration). Trevor, a 27-year-old privately and Oxford-educated strategy consultant for a major global consultancy, explains the effect this has on his ability to notice inequality. He comments he has heard, through the media, that inequality has risen, but "if you're in a privileged position, and all your friends are from a similar background, then you don't think about it on a day to day basis." He comments that he had seen clearer signs of inequality previously, when working as a teacher. Corporate culture, particularly travelling for work, also leads some respondents to compare the UK's levels with the rest of the world, concluding that our level of inequality is unproblematic.

⁷⁴ Relative poverty exists where people may have some resources but do not have enough to take part in the kind of activity accepted as normal by the conventions of the society in which they live. They are poor relative to the standards of their society. This concept was popularised by research carried out in the UK by Peter Townsend. It is also sometimes referred to as relative deprivation or social exclusion (Blackwell Dictionary of Social Policy, 2002).

Notwithstanding this global outlook, most respondents commented on regional inequalities. The north-south divide was mentioned by many, working in both the private and public sectors, living in the north and the south. As Paul puts it, 'it matters where you're born.' Inequalities of access to housing are commonly referenced, as are educational and employment disparities in the context of structural transformations in the labour market. Ben, a 39-year old IT consultant living in the south-east, and in the top 3%, talks of the changing value of various skills:

You might have trained to be a mechanic or butcher, but once those services are not in demand anymore your entire skill set is gone. You might not want to stack shelves because it won't pay the bills and there is little opportunity to correct that. Some people may be highly skilled at extracting steel from the ground at a factory that's closing down. It's difficult for those people to re-enter the workforce doing something other than menial tasks.

It is noticeable that no one in the sample mentions the macroeconomic challenges facing the UK, such as wage stagnation, skills shortages or low growth. The absence of any economic critique from those working in the financial sector was particularly striking. There was a pervasive sense across these interviews of having to present the private sector in the most positive way possible.

The gender pay gap was an aspect of inequality respondents in both the public and private sector were more comfortable discussing, as it was presumably still compatible with meritocratic discourse. As EU-SILC data shows, only about 18% of the top 1% income earners are women – and within that 1%, there is a great spread of income. Rachel, a group treasurer for a multinational organisation with a top 1% income is clear she is by no means considered highly paid within her organisation, "there are 7,500 employees in my organisation and I am not in the 1% of them." She stresses that while there has been much hype around gender inequality in the media, little has actually been done to address it.

Some male respondents saw an inevitability to gender inequality – both in relation to the male breadwinner model and in terms of not being able to envisage another system in which care is shared more equally between genders. As Paul, an architect working in the public sector just in the top 10% income band, puts it: "[m]en will demand a certain wage, expect it." Dan, the head of a division at a marketing agency, with a top 6% income, told us:

From a gender point of view, [my wife] works part time, her work supports our children. Her career hasn't progressed as far as it might. So, there's an element of inevitability to [inequality], so the world can progress. The cold hard practicality of planning a career around children. What it means, is that one person, often the woman, sacrifices their career/aspiration because there's another need.

Those respondents who revert to a 'culture of poverty' perspective when accounting for their social mobility do the same when asked about inequality. Those who have not experienced a similarly upward trajectory are 'othered.' Roy, a 66-year-old finance director in the top 3%, makes a distinction between 'deserving' and 'undeserving' poor:

I don't think much about inequality in the UK, because even the very poor have a bit with welfare. I don't think they are poor enough for me to feel sorry for them. I feel sorry for homeless people and people with mental health problems. [...] But broader poverty doesn't bother me that much [...] The less well-off are less well-off because of schooling, broken families, uneducated families, lack of control, blame everything on teachers [...] Where you have societies where some

people are very rich, others very poor and no middle class, you're going to have problems. But when there are more echelons, when there's more of a spectrum, it's better, which is more or less where I think we are.

Those who mentioned austerity tended to work in or with the public sector, in sectors such as healthcare, law, and education, and often were Labour voters. Only one respondent from the private sector, Ross, an IT consultant with a top 1% income in his early thirties, is supportive of austerity measures based on his understanding of what happened in Greece and that he does not agree with Labour's idea of "spending our way out of the recession." He acknowledges that "austerity cuts have negatively affected those on the lowest incomes."

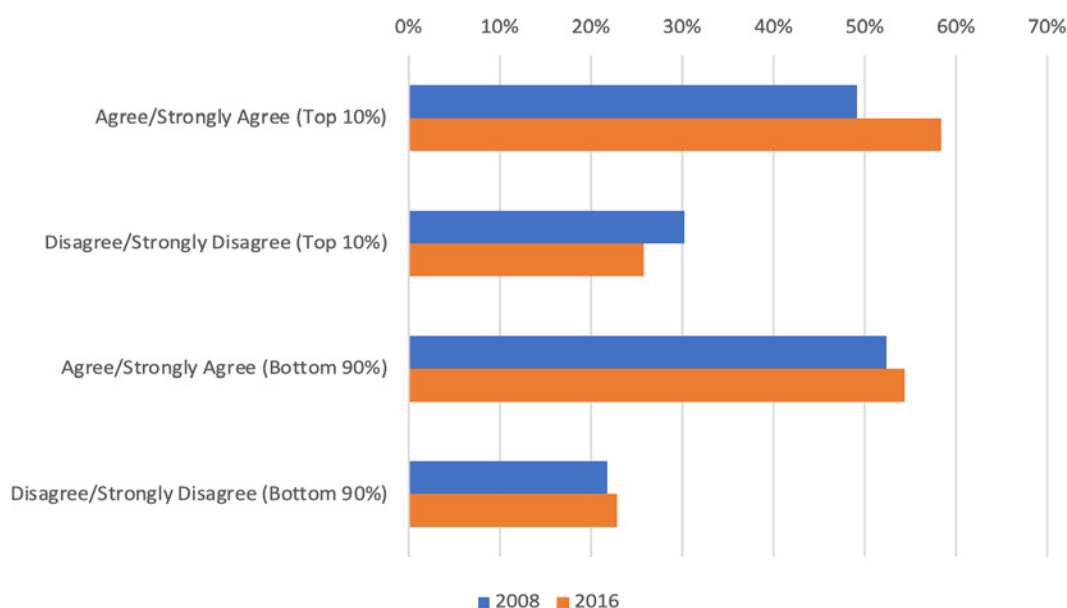
Even if some are concerned about inequality, they are mostly unable to imagine an alternative. As Jonathan, a 70-year-old former barrister living in London and part of the top 1% puts it: "[I] don't like [inequality]. I don't believe it's innate. Do I believe it's necessary? It's difficult imagining a world where everyone earns the same. That's not going to be achieved in my lifetime."

Support for redistribution was mixed. If belief in government inefficiency were taken as a proxy for low trust in the state, this sample does not have much trust in the government. Ben, 39, an IT consultant in the top 3%, was one of many who justified not wanting to pay more taxes because:

A lot of government initiatives are woefully inefficient. Where there is a new scheme or project, it seems they end up paying hundreds of millions or billions more than what it should have cost. Outside government, if you put £10 worth of help into inequality you may get £10 worth of effect. But putting that same £10 through the government will give £2.50 worth of overall effect.

This sense that the government overspends and that it is not a question of spending more, but rather 'spending better' is a widespread belief in those working in the private sector and consistent with European Social Survey data showing an increase in the percentage of British people who agree/strongly agree that social benefits/services place too great a strain on the economy [figure 8].

Figure 8: Social benefits/services place too great a strain on the economy



Source: ESS, 2008 and 2016.

There is therefore a tension in the data in that the top 10% agree with more distribution but also agree that social benefits and services place too great a strain on the economy. This could be interpreted either as a trade-off between their attitudes on redistribution and growth or as reflecting an attitude that social benefits and services are not efficient. Our research suggests the latter.

Some respondents also argue that reducing inequality creates disincentives – both in terms of fostering welfare dependence and in relation to industry, quashing innovation and progression. Gemma, a management consultant in her late thirties in the top 3%, comments: “[y]ou have to have the option that people can achieve whatever they want to. You have to have the option of higher incomes to motivate people.” Similarly, Michael, a 49-year-old, engineer just in the top 10% living in the south-west, told us:

There's no point pursuing equality. And I don't see that it's beneficial. In fact, I think it's disadvantageous, because I think there's a lot to be said for having something to aspire to. And if you are someone with a strong work ethic, it's nice to feel that you are being rewarded for that hard work. You're being differentially rewarded compared to someone whose putting in less work [...] I have a problem with the idea that there is some great benefit to be gained by trying to put everyone in exactly the same situation. I think that's the wrong focus.

Gemma and Kai are the only two respondents who told interviewers that policy should address inequality because it is financially rational to do so. Gemma remarks that “people in poverty are more costly to the state,” so policies should not be short term as helping those in poverty would save money overall. Kai, similarly, running his own company, is frustrated at the lack of awareness of the positive effects that come from a more equal society. He mentions the book *The Spirit Level*⁷⁵: “[t]he key thing for me is that if people understood that equality leads to more productivity overall, that would have an impact. As someone who employs staff myself, having employees who don't have to worry about debt is more productive, can make a better contribution.”

Despite different perspectives on the extent inequality should be addressed, interviewees are consistent in not wanting more of it. The perceived growth of hate and resentment by lower income groups, the sense that ‘the masses are rebelling’ was a very real fear. Christopher, a young IT consultant with a top 3% income, is not the only respondent to give Brazil as an example of the negative consequences of living in an extremely unequal society. He mentions that affluent people have to live gated away in fear of being kidnapped because the life of the rich is ‘worth more’ in such a society.

In sum, while respondents notice and are concerned by the more visible signs of poverty, they often do not distinguish between relative poverty and inequality. Those working in corporate cultures and lacking exposure to different income groups find it harder to relate to inequality. This manifested in the surprise that some respondents in the 1% bracket had on finding out they were that high up the income distribution. It also surfaced in replies to the question about the extent to which respondents had interaction with people from different socio-economic backgrounds. Rachel, a group treasurer for a multinational organisation in the top 1% is a good illustration of this. When asked this question, she responds:

How much interaction are we talking? Friends and family? No. But my kids go to the local swimming pool on a poor estate and I happily participate with other parents. My son goes to their houses to play.

75 Wilkinson, R., and Pickett, K. (2010) *The Spirit Level: Why Equality is Better for Everyone*. London: Penguin.

Some inequalities are recognised, particularly those concerning the labour market and the north-south divide. Support for redistribution is mixed, with state inefficiency being the main rationale for not supporting tax increases. Nearly all fear society becoming more unequal – often because they are scared of crime and the potential resentment of those with lower incomes.

Inequality: do the top 10% see a role for the state in addressing it?

Most respondents feel that 'in the fifth richest country in the world,' the system is not working. However, those working in the private sector and those earning above £100,000 in particular, are conflicted as to the role the state should play. Jonathan, a 70-year-old former barrister living in London and part of the top 1%, starts by being clear that it is the government's duty to address inequality of outcome, then mid-interview argues instead that its role is only to ensure equality of opportunity, and from there concludes that its duty is purely to ensure people's basic standard of living:

Its duty is to provide education and opportunity and a basic standard of living. A basic standard of living – adequate, at least.

Sean, a 40-year-old with a top 1% income, who owns a recruitment company, is clearer:

I hate these questions about the government because I don't know if the government should fix anything in this country. They have a duty to make sure that people are not living below the poverty line and they have a general duty to keep people safe and protected.

Interviewees also discussed the relative importance of cash transfers as opposed to services and infrastructure. Michael for example, a 49-year-old engineer earning just above the 10% threshold living in the south-west, is not alone in thinking that the emphasis should be taken away from universal benefits, making them means-tested. Instead, policy should focus on investing in the "infrastructure [that is currently] missing for better education, council housing, childcare."

Support for universal services as they are organised now (e.g., the NHS) was weaker from those respondents working in the private sector, with little reference to the social solidarity function a universal system provides. Even the few who refer to the tradition of universalism, often end up arguing in favour of means-testing. Dan, head of client services at a marketing agency with a top 6% income, argues that if services are partially paid for by their beneficiaries, they will improve through customer demand for better quality:

If you pay a contribution to your son going to school then there's an expectation of what you're getting back. If you pay council tax, you expect bins to be collected and local services to function.

Ben, 39, an IT consultant in the top 3%, also argues that people can't be trusted not to abuse the system:

Part of the problem is that [the NHS] is universal and absolutely free, and some people abuse that. If you give people a free resource, there's no reigning in demand for it. [I] think that should change to slightly more means-tested.

However, he then makes clear that this does not mean he favours a US-style health service:

If you've been run over and are taken to hospital you shouldn't have to show payslips before they operate. I'm thinking [introduce means-tested payments for] primary care. A bit like dental

care, in certain situations you get it completely free and the same with prescriptions. I think we ought to do something like that with GPs as well.

Duncan, a director of a non-departmental government body,⁷⁶ refers to the erosion of the political consensus around universalism:

It's quite frightening because it undermines all of the principles from after the second world war, which were about caring for everyone and a communal approach to life based on people's experience. The creation of the welfare state and the NHS were two of those which society generally accepted. A lot of that has been eroded in the past twenty years, so it seems a bad thing instead of a good one. It's seen as unaffordable for the rich. Not the super-rich, just those with income – there's more an attitude of: 'I'd rather pay for myself than pay into a pot.' It would be good to try and reverse some of that.

The relatively weak support for universalism – especially from those working in the private sector – and the few references made to austerity, is understandable. Nobody in the sample describes having to make frequent use of public services, such as the NHS. Most of those that mention health problems have private healthcare 'for emergencies.' Similarly, nobody lives in social housing or needs social care. Where respondents have children of school age, they are either in private schools or in state schools in relatively affluent areas.

There was no overall support for increased public spending. Instead, a 'rights and responsibilities' discourse (Lister, 2004:166) runs through many respondents' accounts. They feel that the government should be 'helping people to help themselves.' Michael, a 49-year-old engineer just above the 10% threshold living in the south-west, was one of a few to concede that benefits only provide a minimum standard of living. This may stem from his experience of living in relative poverty as a child:

Any one of us can find ourselves in a situation where we really haven't got any money and it can happen really quickly [...] – although unemployment is low at the moment, it can still be difficult, because there's a lot of choice out there. You can easily find yourself with no income for a while. If you do go onto welfare then it's a very, very difficult situation. The welfare state will give you really not quite enough money for what you need. It might give you enough to live on. But things like maintenance, anything that requires any kind of upkeep – you quickly will find you can't run a car, and then [...] you can't get a job [...] so, there's a divide, a watershed point, at which if you go beyond an economic line, it all decays, the whole situation collapses very quickly.

As discussed earlier, many respondents promote educational opportunity as a route out of poverty. However, their responses are kept at a theoretical level, with no specific references to the need for increased funding. That a child's future should be determined by how hard they work, not how rich their parents are, "is in some ways deceptive: in theory, it's so easy to accept that it's espoused by politicians of every stripe but in practice, political parties would need to promote vast changes to occur in order to achieve it (or anything close)" (Ryan, 2017).

While there may not be much support for income redistribution, there is certainly more for redistributive regional policies. Respondents, especially those with experience of living in the north, feel that more investment is needed there. Those who had moved to the south for employment opportunities

⁷⁶ A classification applied by the Cabinet Office, Treasury, the Scottish Government and the Northern Ireland Executive to quangos (quasi-autonomous non-governmental organisations). NDPBs are not an integral part of any government department and carry out their work at arm's length from ministers, although ministers are ultimately responsible to Parliament for the activities of bodies sponsored by their department. (https://en.wikipedia.org/wiki/Non-departmental_public_body).

recognise that that is no longer a possibility for younger generations. This is further acknowledgement of the role luck played in their trajectories, but which might not apply to younger people.

Most respondents think some level of 'compensation' for inequality is necessary, but are clear that increasing taxes can only be done to a degree. Otherwise, economic disincentives are created, with the threat of 'brain drain' mentioned by many. Several thought that it would be unfair to further tax the rich and are honest about not wanting a larger tax bill for themselves.

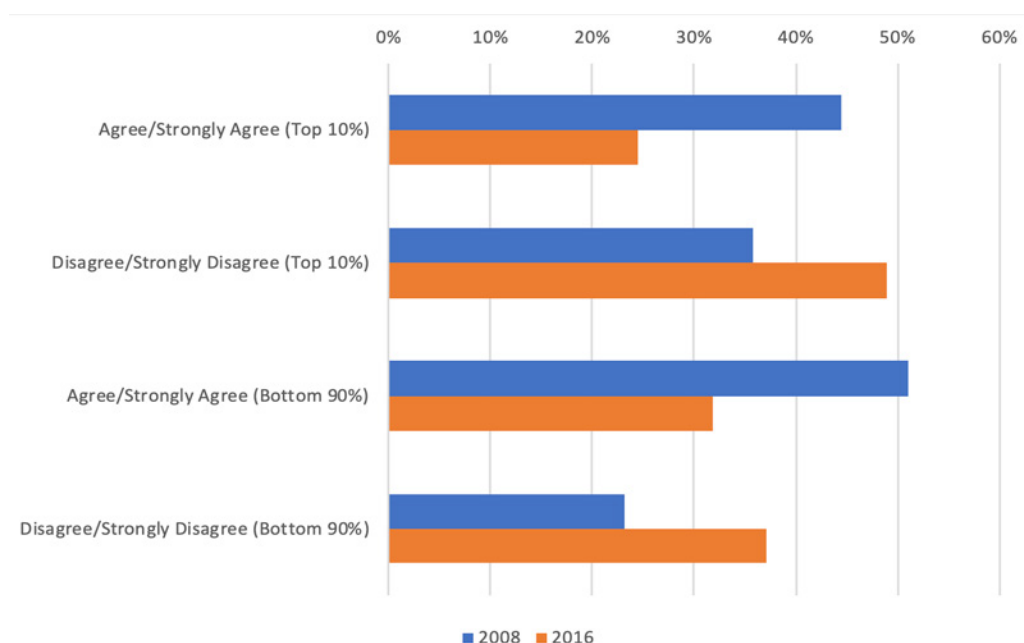
Interviewees' views on the income band at which taxes should be increased are also affected by their upward orientation. Rachel, a group treasurer for a multinational organisation in the top 1% is a good illustration of this. When speaking about the primary causes of inequality, she starts by saying there should be more local-level funding, of community centres, to get the young "more engaged and more able to help themselves and their communities." She then adds:

And at the other end of [the income distribution], the sheer wealth [...] I wouldn't be able to speculate [...] not those earning £500,000 a year, but the millions per year, need to pay more tax and engage with more charity.

In other words, Rachel does not define someone earning £170,000 as wealthy. She estimates her income to be on the 70th percentile – in other words, she believes 30% of the population earn more than £170,000. She therefore does not support the idea of increasing tax for her own income band. When asked whether she interacts often with people whose socio-economic background is substantially different from her own, she answers: "[y]es, but with the super wealthy – those who earn over £1 million."

While there is divided opinion on whether taxes should be raised or not, nearly all respondents feel more needs to be done about tax avoidance and that the current level of tax evasion is not in the spirit of taxation. The state is seen as failing to tax some areas, particularly wealth. Although not all were convinced that it was possible to tax wealth, because higher income people will find ways of avoiding tax, as Kai, who runs his own medical technology company, and has used investment vehicles himself in the past, pointed out. Recognition of the extent of manipulation of the tax regime by those higher up also leads some respondents to suggest the need for an overhaul of the entire system.

Figure 9: Social benefits/services cost businesses too much in taxes/charges



Many respondents feel strongly that large companies are not paying their fair share of corporation tax. This reflects European Social Survey findings that there has been almost a 20% decrease in those who believe social benefits/services cost businesses too much in taxes/charges (figure 9). As Nigel, a 52-year-old headteacher in the public sector with a top 3% income, puts it: "corporations perceive taxation as theft and employ many people whose duty it is to minimise their taxation but were the first to write strong letters of complaint about levels of public services." He also points out that the impact of corporation tax very much depends on the size of the business:

I have many friends in the private sector and have had this discussion many times over. Government should intervene in Starbucks and Amazon, but there are thousands of small business people, who, unless they minimise tax illegally, will go out of business and see it as tax efficiency.

As with those concerned about brain drain, some respondents are nevertheless worried about companies leaving the UK if tax was too high. They feel that corporation tax evasion is something that needs to be dealt with on a European or global level.

There are mixed and conflicted responses on inheritance tax, ranging from supportive, conflicted, and strongly opposed. Gemma, who does not have children and is not set to inherit anything from her parents, supports it, as allowing people to inherit 'doesn't tally with meritocracy.' Ben, who does have children and is conflicted about it: "if your loved one has died and left you money, the tax man seems like a vulture picking at that. On the other hand, some people have got billions of pounds [...] and they're continuing the advantage for their family." Dan, also with young children, feels strongly that it is "aggressively unfair because someone has already paid tax on it. It feels fundamentally wrong." Nigel, a 52-year-old headteacher, feels it is about balance, that "you have sympathy with people who work all their lives to get a house – there's a balance to be struck there."

Several respondents consider the tax system, as a whole, to be regressive. However, Alan, a 50-year-old director for a logistics company living in the south-east, qualifies this. He supports:

A progressive tax system, not an outrageous tax system. Not a tax rate of 95% at the top that doesn't encourage wealth creation. There should be balances. We should be like Nordic countries. High taxation but high benefits as well.

As already discussed, many members of this income group feel the cost of housing, and therefore think that both stamp duty⁷⁷ and council tax need reforming and that inequality manifests itself in the lack of affordable housing. They are concerned at the inability of their children to buy houses in the south-east, and about a possible mansion tax.

In conclusion, while respondents are clear that the state has a duty to provide some level of care, they are conflicted as to the level and type of that provision. Those working in the private sector show less support for universalism, and few respondents claim to have made extensive use of public services. There is no overall support for increased public spending, although the need for more investment in the north is widely recognised. There is similarly no support for income tax increases for their band, and conflicting views on inheritance tax, but a strong feeling that tax avoidance by the very wealthy and corporate tax evasion should be addressed – albeit that they also fear a 'brain drain.'

⁷⁷ Stamp duty is a land tax you pay if you buy a property or land over a certain price in England and Northern Ireland. <https://www.gov.uk/stamp-duty-land-tax>

The private sector's role in addressing inequality: the top 10% view

Most respondents have not given much thought to the relationship between the private sector and inequality. A majority believe the private sector's overriding function is to generate wealth, make a profit, and maximise returns for its shareholders. When asked if the sector has a role in relation to inequality, Tony, in his early 50s, a senior manager with a top 1% income, responds:

No [laughs], not at all. The private sector is there to fulfil a purpose, which is to move money around the economy [...] which ultimately goes back to the government in the form of taxes. The private sector [...] is the engine of the economy.

Others feel more conflicted. Gemma feels that "part of it comes back to taxation. I understand tax efficiency, but there's also having a social conscience [...] Google and others talk about social conscience but business practices don't match the rhetoric." This point about companies signing up to a more socially responsible agenda while not changing their practice – and in many cases while aggressively avoiding tax – is made by several respondents. However, Gemma also points out that if people are going to criticise this behaviour, they also need to change their own behaviour as "it's supply and demand! You still buy things from Amazon."

Dan, head of client services at a marketing agency, feels that the most important job the sector can do is to 'pay fairly.' Alan, a director for a logistics company, felt the sector needed to be "reinvesting profit back into education – education back into employees, into local schools [...] investing in future employees." Julie, a sales consultant living in London, isn't sure what that enlarged role should be:

Really good question. I've never thought of that. I think it should have a role, but it's definitely not so defined. You do see private companies do things like apprenticeships. But I can't think of any private companies that are really investing in society. You have corporate responsibility programmes, but they are not top of the agenda. There is [an argument] that they could and should be paying more. But my first thought was government.

Phillip, working for a global IT consulting company, feels that the private sector should share its knowledge and principles:

The private sector has the obligation to work with the government to understand problems. Many businesses have employees who can't reach their potential. The private sector has skills, information and potential. The system of shareholder capitalism [...], I don't think it's wrong, but should broaden to societal benefits. Not only higher wages, but also skills training, giving back to society because ultimately they benefit from society.

However, this wider role was not something any respondents working in the private sector conveyed when asked about the role of their own work on society. Susannah, a 40-year-old chief financial officer for a major bank, was surprised to be asked the question:

Ahh! (laughs) Not much really!! On society at large [...] well, I suppose you could say that I am helping to make sure that [name of bank] are efficiently spending and therefore they have a huge customer base, globally, especially in the UK, and therefore we are helping to deliver products at a more affordable price (pauses) and the customer service they get around it is better. [But if I compare that to my husband's contribution as a police officer [...] his is way more.

In relation to wealthy individuals' roles in addressing inequality, respondents are clear that it is very much a personal choice. Others felt that they should 'set the right example' or, as already discussed, that they had a duty to society. Greg, in his fifties, working for a global IT company and in the top 3%, tells us:

Duty of care, that's a right principle. I have a lot more money, so it's right that I should pay more, pay into charities etc. But I do not believe in a nanny state. People are responsible for their own actions.

Several respondents commented that there are limits to what wealthy people should do and that action had to be at an institutional level. Most said it also depended on how 'wealthy' is defined. Michael, a 49-year-old engineer, told us:

At what point do you decide what is a lot of money? My annual income is £65,000. Different people have got different views on that. Those earning £700,000 – to them £60,000 is a trivial amount, they wouldn't consider it. For those on £12,000, it's amazing.

While most respondents believe wealthy philanthropists could make a great contribution, Paul, an architect working with the public sector in the lower part of the top 10%, is one of only a few to explicitly refer to the negative impact of the rich on the rest of society:

The rich are scared at inequality being dangerously manifest [...] they were complacent [...] they are now feeling threatened. They have imposed grossly unfair austerity on people and the result has been Brexit, which is damaging those who voted for it. This makes the rich more entrenched, focusing on retaining their wealth. It's a self-fuelling position.

Kai, a former doctor, also emphasises that the wealthy's focus is on maintaining their position, stressing that "everything has been engineered in favour of the wealthy" and concludes "society kind of creates these structures to accommodate the desire of the wealthy to stay wealthy."

In conclusion, while many respondents think that the private sector does not have much of a role to play in addressing inequality, others felt that large corporations such as Google, should be more socially responsible. Investing in education and in knowledge sharing are two other roles that respondents think the private sector should develop. Those working in private sector roles, even when they are senior, do not see how their role impacts on society. Wealthy individuals are seen as having a limited ability to address inequality; instead their focus is on protecting their wealth.

Conclusion: are the top 10% ready for a new social contract?

This chapter presented analysis on what the British top 10% think about their own socio-economic position, economic security, use of public services and civic engagement, drawing on analysis of ESS and EU-SILC data and the semi-structured interviews conducted in the UK. It discussed the voting behaviour and political activity of the top 10% as well as revealing their attitudes to inequality, what should be done about it, and what role the state, the private sector and wealthy individuals should take in reducing it. These findings raise questions about tax reform, levels and distribution of welfare state spending and public service reform in the UK.

This chapter has described the UK sample – thirty top 10% income earners who are mainly white men, between 36 and 66 years old, married and working as managers, professionals and associate professionals for private companies in London or the south-east, and tend to be in the top 3% income bracket of between £97,000 and £169,999. However, the sample is heterogenous and its attitudes to social mobility, inequality, public services and politics differ by age, gender, family structure, occupational sector, and position within the top 10%.

The study has confirmed previous research that this income group, particularly those working in the private sector, present a meritocratic narrative and belief in their own agency as the explanation for social mobility. There is limited understanding of structural barriers preventing social mobility or the realities of low wage work. However, these narratives break down when respondents compare their own trajectories to those of current generations and particularly when talking about their children.

The findings on the attitudes of the top 10% to education reflect the policy shift from viewing education as a collective project for all to a neoliberal responsibility of the individual. This is similar to Swedish findings as is the attitude that 'hard work' is key to success. Nearly all the British respondents stressed the importance of educational opportunity. This is a dominant finding across the countries in this report.

Respondents reveal a surprising degree of insecurity in the top 10%, consistent with other recent research and symptomatic of a tendency to look upwards at the top 1% or 0.1% (Sherman, 2017). Unlike Sweden, but as in Ireland, this is linked to the high cost of living. Those working in the private sector in particular reflect the insecurity of the flexible labour market (CLASS, 2019). The British top 10% may feel comfortable, but not rich. Together with similar education, occupation and income to family, friends and/or colleagues, they are also likely to live in a geographical concentration of high income, resulting in a distorted sample from which they relate to wider society (Burrows, Webber and Atkinson, 2017).

The UK findings also reveal the extent to which the top 10% identify with or have empathy for low-income earners is determined both by their level of interaction with others from different income groups and to what extent they have experienced structural constraints themselves. Some respondents have a very narrow frame of reference from which to judge broader inequality. While many of the top 10% donate; they do not find time to volunteer (and attitudes to this and other types of unpaid work and care were markedly different by gender) or fear getting more involved in their local community. A competitive corporate culture also prevents respondents valuing such activities and again reinforces a limited face-to-face engagement with other income groups.

In terms of political behaviour, while the top 10% vote, most do not feel well-represented by any one party and regret the move away from the centre ground in British politics. Those on the left tend to work in the public sector, while those to the right, vote mainly for the Liberal Democrats, largely as a result of their Remain Brexit stance at the time of fieldwork. There is also a fear of current polarisation and concern for the effects of inequality on democracy.

A striking finding from the UK interviews is the isolation conveyed by the top 10%. This is evident when they talk about their move from one socio-economic position to another or the role of their work in society. Isolation is seen in not having time to and/or being fearful of engaging in their community or with different income groups. Moving frequently for work may also mean they do not have a strong connection to any one place, creating a lack of trust compounded by a sense of status associated with the geographical mobility that a career has provided.

The respondents are fearful of growing inequality in the UK. They are intuitively aware of some of its consequences. Brazil is given as an example of a country where the rich have to live in gated communities for fear of crime. Reference is also made to the perceived growth of hate and resentment by lower income groups in the UK. Our research shows that even a group who are comfortable by most measures and tick all the boxes – have high status occupations, are healthy, well educated, on the up and happy with what they've achieved – have a pervasive sense of anxiety about political instability and polarisation, and are insecure about their positions and those of their children.

While respondents support public services in theory, there is also a status associated with not being dependent on them and having the option to go private. However, at the same time, there is fear that those services will not adequately provide for them and their children in future. A tension exists, between their belief that inequality needs to be reduced and the attitude, particularly among those working in the private sector, that the public sector is not efficient. Support for redistribution is therefore mixed because respondents don't trust the state to redistribute, or improve and reform its services or the government to overspend.

This chapter has set out views held by the top 10% on the state's role in reducing inequality. Similar to the Swedish findings, these include a residual role focused on absolute poverty and a state focused on equality of opportunity and not outcome. While some respondents support tax increases, high living costs and a tendency to look upwards at their richer peers means that these are only justifiable for those higher up the income scale. All respondents want reform of the tax system – for the government to do more on effective tax avoidance, to make large companies pay their fair share and to tax wealth more.

The findings suggest that while the top 10% feel that the public sector is mainly responsible for reducing inequality, private companies could play their part – by becoming better employers for example.

They also reveal a lack of trust in the state to deliver public services. This is not surprising. Even if not directly affected by austerity (and it was only mentioned by those working in the public sector), respondents are aware of service decline from long-term underfunding. In contrast to Spanish and Irish respondents, the British top 10%, particularly those working in the private sector and with little knowledge of the issues faced by public services, are optimistic about the effects of market mechanisms in, for example, the health service. Preference for means-testing also appeared perhaps more than in the other countries.

Respondents have a limited understanding of inequality, absolute and relative poverty. They do not comment on the association between inequality and poverty, that higher inequality in a country often goes with higher poverty (Atkinson, 2015; Hills *et al.*, 2019) and therefore that policy can support inequality reduction for the instrumental reason that it will also help reduce poverty (Davis *et al.*, 2020; Hills *et al.*, 2019). They accept the false dichotomy presented in political debates between whether to aim for equality of outcome or opportunity (when public policy needs to address both high inequality and low social mobility) (Major and Machin, 2019). Respondents also have a lack of understanding about the welfare state itself (particularly who benefits from it) and by extension, conflicts over the role of the state in relation to poverty and inequality. The majority of the public will rely on the welfare state at some point during our lifetimes, and Hills (2014) estimates that most people get back as much as they put in. Respondents convey both a highly individualised sense of self and a low level of trust in public services.

Nevertheless, and a critical finding of this chapter, is that the top 10% are aware that inequality in the UK is increasing and do not want it to increase further. Those working in the private sector tend to see inequality in terms of a global race and to conflate the difference between inequality, relative and absolute poverty. However, respondents are preoccupied with insecurities about their own socio-economic position and also want to ensure their children's social mobility. In particular, they are aware of the implications of housing inequalities on subsequent generations and find some dimensions of inequality more acceptable to discuss than others, such as gender inequality, depending on the extent to which choice is involved.

This chapter was researched before the 2020 pandemic. As outlined at the beginning of this chapter, the UK went into it with a decade of stagnation in median earnings, rising household earnings inequality and a large fraction of households with low savings and high debt. The crisis has emphasised and exacerbated those and other existing deep structural inequalities in income, work, health, education, housing, savings, ethnicity and age. The top 10% in the UK are less likely to be in lockdown sectors, more likely to still be in work, working from home (Adams-Prassl *et al.*, 2020), have access to green space, be less medically vulnerable to the virus⁷⁸ or social isolation, spending less, and less of their income on essentials and to be paying down debt. High-income earners are estimated to be £189 better off per week (Berry, 2020; Blundell *et al.*, 2020). Those who work and are on low income will ultimately bear the brunt of the crisis, with 1 in 5 families already reporting that they are not able to access enough food (Berry, Macfarlane and Nanda, 2020).

Early research on the UK government's response to the crisis shows that there is a "huge tilting of the scales towards the asset-owning rich" (Berry, 2020) – the 'rentier' class has been most insulated. And while the state has spent amounts of money (from large-scale public borrowing and newly-created money from the Bank of England) unprecedented since the second world war, commentators have cautioned against assuming that outcomes will be progressive. With 45% of the money spent on the government's furlough scheme going to banks and landlords, as with the 2007/8 financial crisis, the UK looks set to continue to rely on pumping private debt into the economy.

Whether the government will decide to live with the debt – the largest since the second world war – as long-term interest rates are kept low and what decisions it will make in relation to tax policy are yet to be seen. Any tax increases in the short term would be counterproductive as they "would suck demand out of the economy just when that economy will need to be re-established as the recovery proceeds" (Murphy, 2020). However, what is becoming clear is the need for large-scale reform of the UK tax system after the pandemic, away from its bias towards wealth⁷⁹ and by extension against work ("as those who [live] on what they earn have to pay national insurance on their earnings and those who live off investment income do not." (Ibid., 2020)), young people, who tend not to have wealth and women, as wealth ownership is male dominated. Will the government, for example, equalise tax rates on income and those on wealth? Will it reform land taxation? Will it address the longstanding under taxation of middle class assets? At the time of writing, the idea of 'taxing those with the broadest shoulders' may look economically rational and appealing as a longer-term means of recovering from the crisis.

The top 10% have so far been relatively insulated - both literally and economically - from the impact of

⁷⁸ There have been sharp differences in deaths from Covid-19 with age-adjusted death rates in the most deprived tenth of areas in the UK more than double those in the least deprived tenth. Those on lower incomes are the most likely to have underlying medical conditions making them vulnerable to Covid-19 and some ethnic minority groups have far higher death rates than the white British population (Blundell *et al.*, 2020).

⁷⁹ Aside from having no tax on wealth, the clearest indications of this bias are the levels of taxes on income derived from wealth and the support that the tax system provides to saving, reduced capital gains and inheritance taxes (Murphy, 2020).

Covid-19. However, more of them are likely to have experienced state help than before. And it will have been hard to ignore that the pandemic's economic shock has exposed a much eroded safety net, that a decade of benefits cuts, disinvestment and privatisation of public infrastructure has left one of the richest countries in the world unprepared, with a significantly weakened healthcare system (Harman, 2020) and that deepening inequalities impact on the essential workers on which public services depend. As Piketty has commented, the crisis has reinforced the legitimacy of public investment in public health and healthcare (Spinney, 2020). Inequality, far from being pushed down the political agenda, is now at its forefront (Blundell *et al.*, 2020). Campaigns for a fairer society to be 'built back better' are widespread. However, whether that opens up the debate for a new social contract between income groups, beyond the false dichotomy between equality of outcome and that of opportunity and includes recognition of the inequalities of wealth (including financial investment and housing) that set the 10% apart from the rest – remains to be seen.

The values and attitudes of high-income earners in Sweden

The values and attitudes of high-income earners in Sweden

Of course, I know that I earn a good salary; I know what salary I have, but I rarely think about it and I spend quite a lot of time with people who are not among the top 10% [...] except my colleagues of course. Of course, I know I belong [there], but I don't think about it. I probably wouldn't think of myself as one of them.

Erika, a doctor

Introduction

Erika, a doctor, does not see herself as a high-income earner, even though she is well aware that her salary makes her one. Several other Swedish high-income earners that were interviewed think along similar lines. They do not see themselves as particularly affluent; in Erika's words, they do not think of themselves 'as one of them'. This chapter looks at their values and attitudes to meritocracy, redistribution, and inequality.⁸⁰

In the decades following the second world war, inequality in Sweden decreased according to most measures, reaching a Gini coefficient of 0.20 in 1985, one of the lowest ever recorded among OECD countries (OECD, 2011). The period between 1944 and 1974 was characterised by reduced income and wealth gaps (Bengtsson *et al.*, 2012) and coincided with the expansion of the Swedish welfare state. Indeed, one of the welfare state's main purposes was, as Edlund (1999:106) notes, 'to decrease market-generated inequalities.'

During the decades that the welfare state expanded, governments decreased economic inequality through a high degree of control over the economy via taxation on capital, capital controls, financial regulation, and a large public sector. Analysing the income concentration in Sweden during the 20th century, Roine and Waldenström (2010) show a decline in top income shares during the first half of the century, as well as during the expansion of the welfare state. However, these have risen sharply since the end of the 1980s.

Therborn (2018) describes the 1980s as a turning point for inequality in Sweden. He argues that it was the product of ascendant right-wing politics, which led to neoliberal policies and the emergence of financial capitalism. The labour movement no longer had the same influence. As a result, Sweden has experienced increases in inequality for several decades. The incomes of the Swedish 'power elite' illustrate this increase. The 'power elite' is a group consisting of 200 CEOs, top-level politicians and civil servants whose incomes the Swedish blue-collar trade union confederation Landsorganisationen (LO),

⁸⁰ In this text, 'top 10%' refers to the top decile of income earners in Sweden. Income is defined as gross labour income, that is: income before tax, and excluding capital incomes. The income distribution is often divided in deciles, that is in groups of 10%. The top 10% is the 10th decile. Expressed in percentiles, the top 10 % is P90.

has measured since the year 1950. In 1950, the power elite's average pre-tax income corresponded to 11.1 times the average wage of industrial workers. In 1980, this difference was at its lowest, at 4.9 times. However, in 2017, this figure reached 19.6 (Almqvist, 2019).

Sweden's Gini coefficient for 2017 was 0.28, the tenth in the OECD (OECD, 2019a). Recent developments have benefitted the wealthiest part of the population. The OECD (2019b) notes that "income has increased for all income groups in Sweden, but more strongly in the upper part of the distribution." As indicated by the OECD (2015b):

The growth in inequality between 1985 and the early 2010s was the largest among all OECD countries, increasing by one third. In 2012, the average income of the top 10% of income earners was 6.3 times higher than that of the bottom 10%. This is up from a ratio of around 5.75 to 1 in 2007 and a ratio of around 4 to 1 during much of the 1990s.

Since the mid-1990s, income differences have increased mainly due to strong income growth in the upper part of the distribution, with capital incomes becoming ever more important at the top (Långtidsutredningen, 2019:10).⁸¹ Roine and Waldenström (2010:330) note that there are important differences between Sweden and other continental European countries, arguing that the growth in gains from capital renders them closer to Anglo-Saxon countries:

By 1950, top income shares had already dropped more in Sweden than in any other country [...] and the further increases in marginal taxes, as well as 'solidarity wage policies', caused them to drop even further in the 1970s. However, the most remarkably different aspect of the Swedish data appears over the past decades. During this period, when top income shares increased significantly in Anglo-Saxon countries, mainly due to wage increases, but remained virtually unchanged in continental Europe, the Swedish development depends largely on how realized capital is treated. If researchers include realised capital gains, Swedish top income shares look like the Anglo-Saxon ones; if researchers do not include them, top income shares have increased slightly but still resemble the continental European experience.

The chapter focuses on how Swedish high-income earners view such developments. There are several reasons why high-income earners' opinions and political values are important to study. One is that, in recent decades, there have been changes to Swedish redistributive policies that favour high-income earners. It is therefore interesting to know more about high-income earners' views on equality and social responsibility. Another important reason is that more qualitative research on groups with power and influence in society is necessary (see Eriksson, Holmqvist, and Sohl, 2018; Holmqvist, 2018b). The chapter is based on 25 interviews with members of this group carried out in 2019 and survey data from the European Social Survey (ESS, 2008, 2012 and 2016) and the European Survey of Income and Living Conditions (EU-SILC, 2016).⁸² As mentioned in the comparative chapter, it is important to note that the ESS constructs its income variable on self-reported household income, while individual salary is the basis for the interview sample. This means that we do not know how much the individual respondents to the ESS survey actually earn, only that they consider themselves as belonging to the top decile. Approximately 15% of the respondents to ESS have estimated themselves to be in the highest decile in terms of household income. It is also worth noticing that in the ESS, income is defined at a household

⁸¹ As noted by Boschini, Gunnarsson and Roine (2017:2) previous studies on top incomes have "shown the importance of distinguishing between different sources of income, in particular to consider incomes from capital, and also to study the diverse developments across different groups within the top of the income distribution."

⁸² In the data from ESS and EU-SILC used in this chapter, all differences between top 10% high income-earners and the rest of the population are significant at at least a 95% significance level (or p-value <.05).

level, after tax and deductions, and from all sources. Furthermore, as mentioned earlier in this report, the ESS data has a limited sample size (see chapter 2). For the background on high-income earners in Sweden, data is used from EU-SILC, which collects cross-sectional and longitudinal microdata on income and living conditions.⁸³ For the purpose of sampling for the interviews, this chapter uses a monthly income of SEK 49,200 (see below) as the threshold for belonging to the top 10%, based on EU-SILC data.

This chapter begins by describing the Swedish socio-economic context, high-income earners in Sweden, and the interview sample. An analysis of the interview material begins with interviewees' perceptions of meritocracy and upward mobility and is followed by their perceived economic security and their attitudes to economic inequality, the welfare state, taxation, social responsibility, and the role of the private sector. The last section contains an analysis of the political participation and civic engagement of respondents.

Background: the Swedish context⁸⁴

In 1900, Sweden had "more severe economic inequality than the United States" (Bengtsson, 2019:40). The Swedish working class was, however, as Bengtsson (2019:35) puts it, "the most well organized in the world." Partly thanks to successful labour organising, in the 1920s, the foundations were laid for a welfare state that was seen as an answer to the conflict between capital and labour. When Esping-Andersen (1990-98) developed his influential – if contested – categorisation of welfare regimes, he described the Swedish welfare state as a social democratic project. He regarded Scandinavian welfare states as the most successful in dealing with inequalities. Esping-Andersen highlights the ability of the Social Democratic welfare state regime to create solidarity between the middle and the working class through the social insurance systems. In particular, social justice and increased equality was important (Korpi, 1978). One goal for the Social Democratic Party and the labour movement during that period was the elevation of the working class by providing access to housing, healthcare, and unemployment and health insurance through the welfare system.

In more recent research, the image of the welfare state as a social democratic project is seen as an oversimplification, not least because it was based on "the reformist alliance between the liberal intelligentsia and the labour movement" (Bengtsson, 2019:37). Arguably, the Swedish welfare state project was based on a class compromise (see Fraser, 2003) and the creation of what de los Reyes (2006:7) calls a "consensus around the social order, even if the content of the welfare state has been the subject of political negotiations and ideological conflicts".⁸⁵ This shaped the self-image of Swedish society and gave the country a reputation for being among the most equal in the world (Pred, 2000). According to de los Reyes (2006), the emergence of the Swedish welfare model was based on the ideal of equality through redistribution, and hence that access to welfare would be equal for all.

Still, Swedes have access to relatively generous universal public services, such as subsidised healthcare, free education,⁸⁶ and universal benefits such as child and parental benefits. Childcare and public transportation are subsidised, though the level of service varies between municipalities. Public transfers that depend on income include sick leave compensation, unemployment benefits, pensions

⁸³ Data from Sweden was updated in 2016.

⁸⁴ This part of the chapter is partly based on Sohl (2014).

⁸⁵ Our translation.

⁸⁶ Swedes have access to free primary and secondary education and universal student grants, including tuition-free tertiary education.

and transfers to people who are unable to work. In 2003, a state inquiry concluded that only 18% of public revenues were spent on redistribution between individuals. The remainder, over 80% of resources, were redistributed over individuals' life courses (Pettersson and Pettersson, 2003:85).

However, the Swedish welfare state has its limitations. For example, access to various social service provisions is dependent on employment status. Since the labour market is marked by inequalities of gender and ethnicity, this design has reproduced those inequalities. In addition, Pringle (2011:145-146) has suggested that, when comparing the UK and Sweden, the 'state-collective' and consensus-oriented Swedish system has in some ways been relatively unsuccessful in challenging racial or gender discrimination. Meanwhile, the more individualistic and conflictual ethos of British institutions has in some respects more effectively addressed the social gaps created by 'race' and gender than the Swedish system, where questions of class have been historically more central. Furthermore, as noted by Fritzell (2011), high poverty rates for those with migrant backgrounds go against the equality ideals of the Nordic countries.

In addition, neo-liberal reforms during recent decades – such as the introduction of 'free choice' and voucher systems in schools, health and social care – have changed the character of the public sector. Today, more than one out of five public sector workers are employed by a private employer (Ekonomifakta, 2019a). Changes have been particularly striking in primary and secondary education. In 1992, a charter school reform was introduced, along with a voucher-system. Privately-run charter schools entitled to public funding began to emerge. Today, schools are run either by municipalities, independent non-profit providers, or increasingly, for-profit school corporations. Charter schools funded by public money are not allowed to charge fees. However, because they can freely choose where to establish themselves, the charter school reform has increased school segregation based on ethnic and class backgrounds, and has thus led to increased educational inequality (see Allelin, 2019; Eurofound, 2017; Nyström, 2012).

During the last three decades, a number of policy changes have contributed to increased inequality, tending to benefit the relatively well-off. Particularly since the start of the 21st century, there have been extensive changes to the Swedish tax system. As described by the OECD (2015b:1): "In Sweden, like in most other Nordic countries, tax reforms over the 1990s have decreased the tax burden also and sometimes particularly for wealthier households, e.g., by decreasing capital taxation and lowering or abandoning wealth taxation." In 2005, both the inheritance and gift taxes were abolished by the Social Democratic government. The wealth tax was abolished in 2007 by the right-wing coalition government, which led to an increase in wealth inequality primarily due to "more unequal holdings of apartments and bank savings" (Lundberg and Waldenström, 2018:540). Since the abolition of the wealth tax, there are no official statistics on wealth, since banks and other financial entities are no longer obliged to provide data on financial assets and liabilities (Bengtsson *et al.*, 2012). In 2007, earned income tax credits (*jobbskatteavdrag*) were introduced by the right-wing coalition government and expanded until 2014. With this policy, disposable income increased substantially for those with a job. At the same time, the government tightened both payments from and access to social security for those outside the labour market, including unemployment benefits and sick leave, which could be described as benefits austerity. Tax deductions benefitting high-income earners include those for the reparation and renovation of self-owned housing (ROT-deduction, not available for tenants); for domestic services such as cleaning, baby-sitting and gardening (RUT-deduction, introduced in 2007); for interest rates on mortgages (*ränteavdrag*); and pension savings.

The tax deduction for domestic services has been widely debated and, as shown by Anving and Eldén (2016), its effect has been an increase in class, 'race' and gender inequalities. Gavanoas (2010:10) argues that the growth of the domestic service sector should be understood in relation to the downsizing of the welfare state system: "[t]he Swedish market for domestic service is expanding as a result of welfare state cutbacks, as well as privatization of public care, deregulation, internationalization and flexibilization of labour markets." Further, in 2020, the additional state income tax (*värnskatt*) – collected from annual incomes over SEK 689,300 – was removed, which means that the well-off will pay less tax. This has tilted the redistributive profile of the government budget for 2020 heavily in favour of the top 10% of income earners (Swedish Government, 2019a). Although Sweden remains a strong welfare state, in the sense that high-income earners also use public services, these services are increasingly provided by publicly-funded private companies. In that sense, the privatisation of welfare that began in the 1990s has transformed relations between public and private capital (Allelin *et al.*, 2018). An example of this is housing. Polanska and Richard (2019:142) show:

The national housing regime is regarded as a cornerstone of Sweden's welfare politics. This model, introduced in the country after the Second World War, is internationally distinguished for its universality and egalitarian approach, such as its high percentage of public housing, strong tenants' rights and exceptionally good standard in housing.

Polanska and Richard argue that at least three decades of deregulation have resulted in 'high levels of residential segregation' as well as "increasing displacement of low-income households [and] the creation of 'urban nomads' (people moving several times due to renovations and raised rents)" (*ibid.*:142).

Furthermore, since the 1980s, Swedish firms have increasingly become part of globalised production chains. Capital controls were abolished in 1989, and in 1995, Sweden joined the EU and the WTO. As noted by Pareliusson *et al.*, (2018:53): "[p]olicies to redistribute wealth have weakened considerably in the Nordics over the past few decades, partly as a response to globalisation, and encouraged by organised interests from the business community." Beginning in the 1980s, in Sweden, as elsewhere, financial deregulation took place with the objective of enhancing growth. Roine (2014) points out that such policy changes were mainly about deregulating the financial sector and shrinking the tax system. In Sweden, these policies contributed to a bursting housing bubble and a banking crisis in 1990-91, whose repercussions were felt throughout the 1990s. The political answer to the ensuing economic crisis was a further neoliberalisation of the economy: the privatisation of parts of the public sector; the institution of a purportedly independent central bank; and the setting of an inflation target given priority over full employment. The proportion of people in poverty increased sharply during the financial crisis that Sweden underwent in the 1990s (Waldenström, 2010). In 2008, however, Sweden was not as severely hit as other European countries.

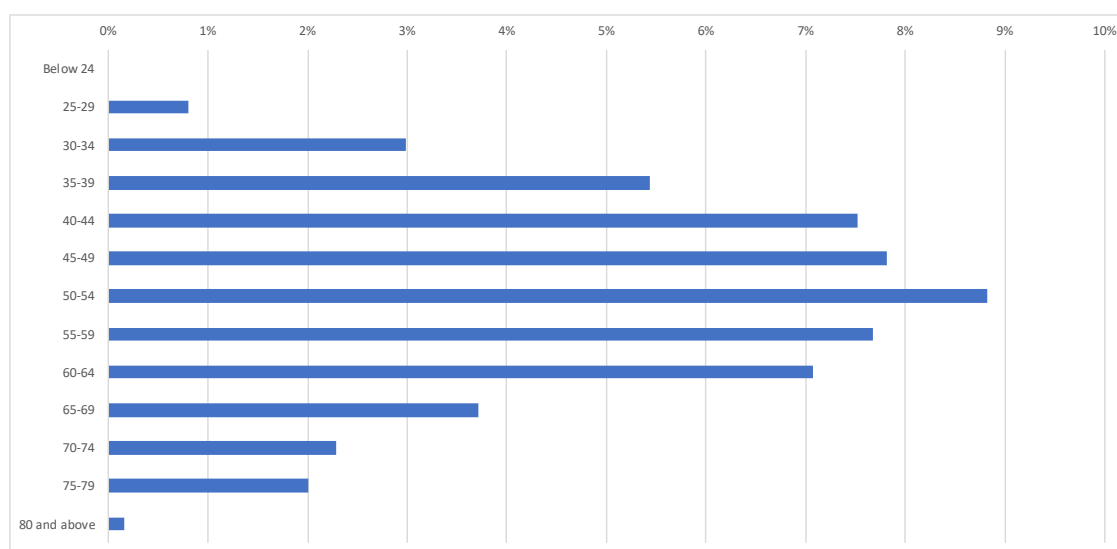
In terms of its labour market, Sweden is characterised by a high rate of employment: 77.1% of the working age population were employed in the last quarter of 2019 (OECD, 2020). Levels of union density are high, particularly among white-collar employees, which is unique in an international perspective. While union density has decreased in general, levels have remained high: it was 77% in 2006 and 67% in 2018 (72% among white-collar employees; see Kjellberg, 2019:7). An even larger percentage of the workforce is covered by collective bargaining agreements: nine out of ten (*ibid.*:8). Employment is generally stable, and there has not been any substantial increase in the share of temporary employment during the past ten years. However, it is important to note that precarisation has increased, since temporary jobs have become more insecure (Wingborg, 2019).

High-income earners in Sweden

Based on Statistics Sweden's⁸⁷ (2018a) data on salary dispersion by sector, the lower threshold of the top 10% high-income group is a monthly wage of SEK 49,200 before tax. For women, this is SEK 45,000 and for men SEK 53,100, while the average monthly wage in 2018 was SEK 34,600 before tax (Statistics Sweden, 2018a). According to data from EU-SILC (2016), women are clearly under-represented among the top 10% high-income earners. As shown by Boschini, Gunnarsson, and Roine (2017:3) the share of women in the top decile has "steadily increased since the 1970s. In the distribution of total income (including capital gains) the share of women in the top 10% group more than doubled from about 12% in 1974 to about 28% in 2013." Their study indicates that realised capital gains have an influence on the gender composition of the top decile. In 1995, the share of total income of the top 10% in Sweden was 19.7%. In 2017, the share of the top 10% had risen to 27.2 % of total income. (Swedish Government, 2019b:27).

As figure 1 shows, the number of high-income earners in the top 10% increases after the age of 35 and begins to decline from the age of 60.

Figure 1: Percentage of top 10% of income earners by age



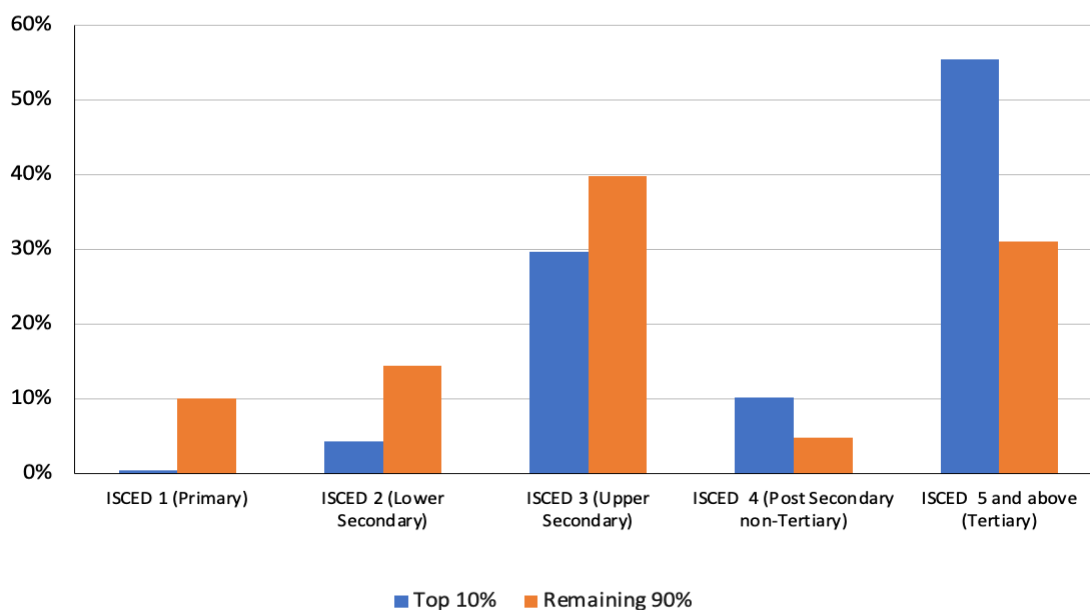
Source: EU-SILC, 2016.

Individuals with high grades in secondary education have a higher probability of becoming high-income earners later in life than those with lower grades. However, the likelihood for secondary school graduates of becoming high-income earners is greater for men than for women (Statistics Sweden, 2017). Income is to a great degree related to education: high-income earners tend to have higher educational levels than the rest of the Swedish population (ESS, 2016). As the graph shows (figure 2), within the top 10%, 55% belong to the highest education category in the ISCED-classification; that is, they have tertiary education.⁸⁸ Conversely, according to EU-SILC data, approximately 35% of the top 10% have secondary education qualifications as their highest qualifications. However, this was true of only two interviewees in our sample.

⁸⁷ Statistics Sweden is a government agency that produces official statistics.

⁸⁸ The International Standard Classification of Education (ISCED) is a statistical framework for comparing education across countries. It refers to the highest completed education level or, for those still in the education system, their current level. This classification is designed by UNESCO. According to UNESCO's definition, tertiary education includes academic education as well as advanced vocational or professional education. It comprises ISCED levels: 5 (short-cycle tertiary education), 6 (Bachelors or equivalent level), 7 (Masters or equivalent level), and 8 (Doctoral or equivalent) (UNESCO, 2012).

Figure 2: Highest educational degree of top 10% of income earners



Source: EU-SILC, 2016.

In terms of national origin, the majority (89.5%) of the top 10% were born in Sweden, compared to 80.1% among the rest. Geographically, high-income earners are over-represented in, for example, Mälardalen (Stockholm), western Sweden (Gothenburg), and southern Sweden (Malmö) (ESS, 2016). They also tend to move to the same neighbourhoods within cities, which is particularly evident in Stockholm (Statistics Sweden, 2018c).

According to ESS (2016) data, 98% of the top 10% voted in the 2014 national elections. Among the rest of the population it was over 91%. Statistically, high-income earners are more likely to vote for right-of-centre parties. As reported by Jylhä, Rydgren, and Strimling (2019:64): "Having a high income is most common among Conservative voters: 29% of Conservative voters have a monthly income of over SEK 40,000, which may be compared with 16% of Social Democrat voters and 14% of Sweden Democrat voters."⁸⁹ Research on political values shows that people in higher class positions tend to be on the right on questions concerning the economy. They also tend to be more libertarian on the libertarian/authoritarian dimension.⁹⁰ In contrast, the working class is likely to be on the left on questions concerning the economy and hold authoritarian attitudes regarding culture and individual liberty. Class can explain political attitudes on the right/left dimension, but level of education is the main factor in position on the libertarian/authoritarian dimension (Bengtsson, Berglund, and Oskarson, 2013; Berglund and Oskarson, 2010). In the US context, Gilens (2012) has found that the top 10% of income earners are more likely than the rest of the population to take a number of positions that in many contexts are considered left-wing, such as liberal views on abortion, immigration, and same-sex marriage, while at the same time leaning to the right on economic issues.

⁸⁹ In this chapter, interviewees are considered to be on the left if they have voted for the Social Democrats, the Left Party, the Green Party, and Feminist Initiative in the last election. On the right, those who voted for the Moderate Party, the Centre Party, the Liberals, and the Christian Democrats – that is, the parties that in the 2018 election still constituted the so-called Alliance – are placed on the right. The chapter also includes the Sweden Democrats on the right.

⁹⁰ The category 'Libertarian' includes attitudes in favour of cultural diversity, individual freedom, acceptance of minority groups (ethnicity, 'race', sexuality, etc.) and freedom from authority. Authoritarian includes a belief in social hierarchy and intolerance of cultural differences and/or non-conformity.

The Swedish interview study

In total, the interview sample consists of 25 semi-structured interviews,⁹¹ which lasted between 45 and 90 minutes. The interviewees were selected on the basis of their salary.⁹² In the sample, respondents have a range of monthly wage incomes from SEK 50,000 to 400,000 (Statistics Sweden, 2018a).⁹³ Six interviewees also receive bonuses. In addition, researchers actively looked for people who are in the highest income group, the top 1%.

Researchers used a combination of convenience sampling and strategic selection to include respondents from different income groups and from occupations common to high-income earners. A convenience sample was chosen due to the relatively limited time frame for the study.⁹⁴ The researchers also chose to recruit interviewees through strategic sampling, aiming to cover specific profiles. In practice, interviewees were recruited both through contacts and by emailing employees in seven workplaces where many high-income earners work.

Of the 25 respondents that were interviewed, ten are women and 15 are men. Ten respondents are 35-40 years old, nine are between 41-50, four are between 51-60, and two are over 60. Seventeen work in the private sector and eight in the public sector. The sample is dominated by those living in Stockholm (16 out of 25) and other places in Mälardalen (4). Of the rest, three live in Gothenburg and two in cities in the north of Sweden. Twenty-four respondents were born in Sweden, one in another western European country. Of those born in Sweden, one had parents who were both born in another western European country, and one had one parent who was born in the US. Twenty-three interviewees have higher education qualifications, while two have upper secondary education qualifications as their highest qualification. Twenty-two participants are partnered.

Their paths to belonging to this segment of the population differ: some were born into families where both parents were highly educated high-income earners; others came to belong to this group through educational and career pathways. They are therefore diverse in terms of their family background, inheritance, education, and social networks. There is also an interesting dissociation within this group in relation to lifestyle. Several interviewees describe their own lifestyle as being markedly different from what they associate with high-income earners. A majority of our interviewees vote for right-of-centre parties. However, it is worth noting that the interviews also had several left-leaning respondents, both in terms of voting and in relation to their own self-description. Thus, there is greater differentiation in terms of values and attitudes among the interviewees than is arguably the usual perception of high-income earners.

Perceptions of meritocracy and upward mobility

As Eurofound (2017a:4) describes, social fluidity can be used as 'an indicator of societal openness' as well as of "the inequality between individuals from different occupational classes in terms of their chances of occupying one destination class rather than another." Eurofound reports decreasing social fluidity in Sweden over the three age cohorts studied (born 1927-1945, 1946-1964, and 1965-1975), and for both men and women. Eurofound (2017a:32) explains this decrease as follows:

⁹¹ Twenty-four interviews were conducted by Mikael Svensson and one by Lena Sohl. They were conducted in Swedish, recorded and then transcribed. We have translated the quotes used in this chapter into English.

⁹² The interviewees were asked about their average monthly income.

⁹³ The income data is based on what interviewees reported during the interviews.

⁹⁴ Although convenience samples make the results more difficult to generalise (Bryman, 2018), that is not the main goal of qualitative research.

An increase in the freedom of choice in public services (for example, school choice) has widened the gap between families, income inequalities have increased and income redistribution has decreased. It remains an open question whether a reduction in mobility in Sweden is temporary or not.

In the interview material used for this chapter, there are three different aspects to perceptions of meritocracy and upward mobility: 1) Several interviewees focus on the Swedish education system as crucial to achieving equality. 2) When it comes to their own career trajectory, interviewees told us they attained their position thanks to the education system, their (class) background, hard work, opportunities (structural preconditions), luck and social skills. 3) Interviewees see a connection between success and hard work, though some acknowledge that not all who work hard get their just rewards.

Access to higher education is therefore presented as essential by our respondents. Although higher education is free of charge in Sweden, working-class children are underrepresented in higher education (see Bengtsson *et al.*, 2012). Thus, class differences are reproduced within the education system (Isopahkala-Bouret *et al.*, 2018, Holmqvist, 2018a). Several interviewees talk about the fact that education divides Sweden along class lines. Some present this as an information problem: if people knew about available opportunities, they would take advantage of them. For instance, Carl uses his own upbringing, in an upwardly mobile family, to describe the conditions of those with a privileged background. Whether higher education is considered a possibility is, according to Carl, clearly dependent on class. Against this backdrop, he believes the education system should remain free, including universities. He also thinks that the fact that education is free for all should be more widely disseminated.

For Carl, the importance of education is clear when other people assume that he comes from a family of lawyers because he is a lawyer himself. He sees education as especially important for families who, like his, have a migrant background, "Education is a stepping stone, I think." He tells us that the upward class mobility experienced by his family was due to the educational opportunities provided in Sweden.

Several other interviewees also emphasise that, thanks to the Swedish education system being free, they have had access to higher education regardless of their class background. Some have highly educated parents with a working-class background, while others are the first in their family to have gone onto higher education. Education is central to several interviewees' narratives, with the majority seeing their pursuit of higher education as logical in the context of their class backgrounds. For instance, Erika raises the subject of her upbringing at the beginning of the interview: "[I] think I have a fairly typical Swedish middle-class background. Dad was the first in his family who went on to higher education, he is a civil engineer. Mum worked as a secretary." Others, like Antonia, who has middle-class professional parents, thinks her family expected her to go to university. Sara, who works as a doctor, told us it is not possible to fail once you manage to get into medical school. She adds that there was 'no discussion' at home about whether she should attend university.

As mentioned earlier, interviewees tend to explain where they have ended up by recourse to education, hard work, opportunities, luck, and social skills. Lars tells us about opportunities, luck, and his ability to take advantage of circumstances: "[I] would say that it is largely by chance and the will to seize them [opportunities], when they come." According to Bastani and Waldenström (2019), high-income earners, more often than others, think that a person's economic position is the result of effort and hard work. In our interviews, similar to the UK ones, hard work is a recurring theme. An example of stressing the importance of hard work comes from Annika, who is head of a local government department: "[I]m not very smart [laughs] and I haven't been very specialised in anything either. But then I'm a pretty ambitious person."

It is worth noticing, however, that few claim their own talent or effort is the *only* explanation for their favourable position. It also seems that several interviewees do not see a strong link between success and hard work, though some do make this connection. One is Helena, a medical professor, who believes that those who make an effort get more but this does not necessarily mean they get what they deserve. Others, like Rikard, working in the medical industry, argue that there is no connection between the effort people make and their financial situation: "[n]o. Absolutely, no, no, no. Absolutely not." Early in the interview, Rikard notes that, although people who work as carpenters or nurses have demanding jobs, they are not rewarded in proportion to their hard work, especially when compared to the pay more privileged people might get regardless of their effort. Markus, who works in the IT sector, also tells us he is not sure there is a connection between effort and reward:

In some cases, yes, but then you also have classes [...] such as nursing assistants, who work very much, work nights, or warehouse workers who work really hard physically, but maybe not earn so much. So that's unfairly distributed, I think. Then there are also some people who maybe kind of just surf along because of their social backgrounds. For me it has been quite easy, maybe only because of my social skills.

As for who tends not to get their fair share, Markus, like Rikard, thinks first of working-class professions. Markus adds a dimension: the importance of people's class background. He acknowledges that while some work hard without being paid well, others earn well thanks to their upbringing and the social skills that come with it. Markus claims his social skills enabled him to reach the place he is in. He tells us: "[I] have had a very privileged background. Had parents who were well-off economically and we as family had it safe." In addition, Hugo, who is a programmer, explains why he managed to get a coveted job with a high salary: "[y]es, I am white and man [laughter] and it probably has a lot to do with it." When explaining how he ended up where he is, Markus does not bring up hard work, but rather it is his social skills that are the defining factor, identified as essential for becoming part of the Swedish elite (Holmqvist, 2017).

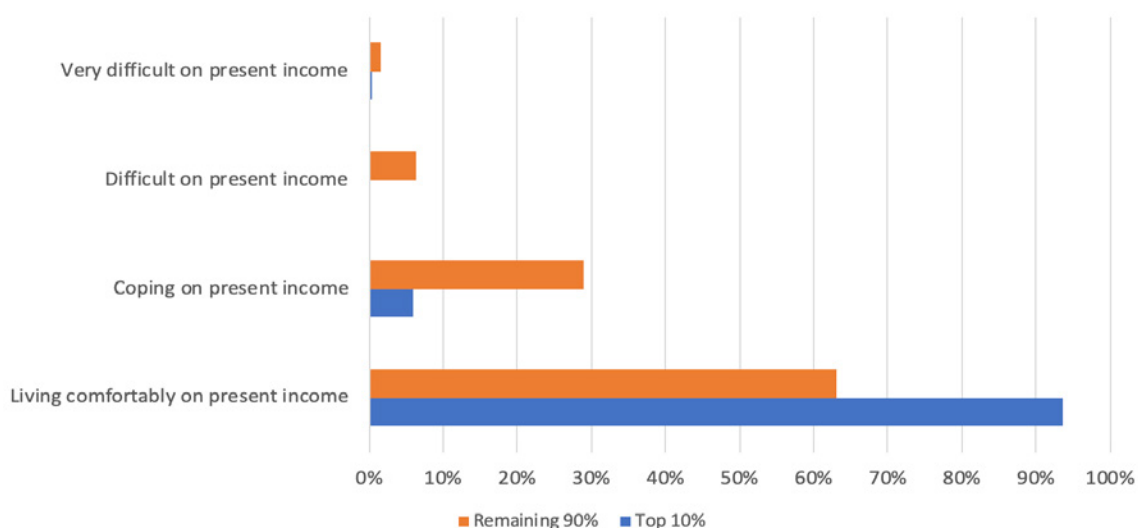
Some interviewees also highlight gendered dimensions of inequality, for instance when Markus takes the example of a nursing assistant, a low paid female-dominated occupation in which people work hard for little pay. An interesting view on injustice emerges: people in working-class professions might work hard in demanding jobs without getting a fair wage while others – as Markus and Hugo point out – are better paid thanks to their privileges in terms of class, gender, and 'race'. Nevertheless, and regardless of whether they sympathise with the left or the right, a majority believe there is some connection between working hard and the situation in which people find themselves. For them, effort does have a reward, if uneven. This argument is most prevalent among those on the right. Some interviewees on the left talk about unequal opportunities in education and several, as mentioned earlier, point out that people in working-class positions often work hard for little reward.

Education is central for a majority of interviewees, as it opens up possibilities for upward mobility – hence the importance of the education system being free of charge. It should also be noted that, as part of the neo-liberal shift of the Swedish welfare state: "[t]he understanding of upward mobility changed from a collective project to an individual responsibility to improve one's life conditions" (Sohl, 2018a:96). Interviewees express support for one of the core tenets of the Swedish welfare state that working-class children should have access to higher education (see Sohl, 2018a), albeit it that the system has always been stratified.

High-income earners in Sweden: an economically secure group

According to ESS data, respondents who consider themselves as belonging to the top 10% highest income households feel economic security to a greater extent than the rest. There have been no major changes over time, but the proportion of the group who answered "Living comfortably on present income" has increased slightly over the years. Compared to 2008, the group of high-income earners feels even safer in 2016 (ESS, 2008 & 2016). A majority reported that they feel they can live comfortably on their income in 2016.

Figure 3: Feeling about household's income nowadays



Source: ESS, 2016

As shown in chapter 2, only about 3% of all high-income earners claim to have difficulties in making ends meet, compared to 28% in Ireland (EU-SILC, 2016). This might explain why higher salaries do not seem to be especially important for interviewees in deciding what jobs to pursue. Rather, they are more likely to be motivated by new challenges in their working lives. In addition, high-income earners, as explained earlier, have benefitted from a number of changes to the tax system.

In line with survey data, our interviewees also describe a feeling of economic security. Our interviews indicate that this feeling of economic security might be linked to their stable position in the labour market, which they expect to maintain. Indeed, our participants were not worried about unemployment. None of our interviewees worry about money. This is evident, for example, when they were asked whether they ever feel like they do not have enough money. For several interviewees, this just does not happen. Amanda, who runs a business with several employees, told us:

I earn 49 [000 SEK] and then I have other side jobs that increase the tax I pay, but [...] I have never experienced the money running out, do you understand what I mean?

Similarly, Helena tells us that she barely knows how much she earns nowadays. She adds that it is 'embarrassing' to negotiate her salary as she already earns so much.

Some interviewees mention situations in which they would have liked to have more economic resources. Despite the fact that he works part-time and has an income that places him comfortably above the top 10% threshold, Sebastian mentions housing costs and says he would not be able to make renovations

to his current flat, or move into the inner city of Stockholm, "[I] could not afford that, so that feels like a financial limitation." However, these comments are not about being unable to meet his necessities, but rather about not being able to spend at the level he would wish and in comparison to those earning more. Sebastian, who works in the financial industry and was born in another western European country, tells us that he does not really feel like a high-income earner: "I do not feel rich or financially flexible." He compares himself to those with high incomes born in Sweden, claiming that there are notable differences between them and him. He notes that often, those high-income earners who were born in Sweden have inherited assets that span generations:

Yes, the monthly salary I may agree on [makes him a high-income earner], but if you look at my Swedish colleagues who grew up and have had a family here, there is much more prosperity behind them. Of course, you don't travel during the summer because your family have a summer house.

While Sebastian agrees that his monthly salary qualifies him as a high-income earner, he is not as wealthy as his colleagues who were raised in Sweden and who have assets. To be a native Swede is here used as signifying a distinction from other high-income earners who have immigrated to Sweden and have no inherited assets in the form of, for example, summer houses. Inherited assets are associated with a class-specific Swedishness. Although many, like Sebastian, play down their own position in relation to others who are better off, they still express awareness that they are high earners. Cristian, a lawyer, compares himself with colleagues in other countries:

If you compare yourself to the Germans and English, you are hardly seen as a high-income earner. They earn so much more. From a Swedish perspective, yes, I probably do [earn a lot]. It can sometimes hit me [...] I don't feel like I can spend money on whatever I want.

Nevertheless, Cristian adds that even though they cannot afford what he calls 'mega excesses', he and his partner do not have to save to buy what they want. Thus, interviewees tend to compare themselves first with those who earn more than they do. These comparisons could be understood as a way of marking class-based boundaries, but also as attempts to play down their own privilege, which chimes with previous research on Swedish middle and upper classes (Sohl, 2018b). Those who live in Stockholm tend to draw these kinds of boundaries in particular, and they tend to compare themselves with people living near them. One example is Susann, a medical doctor. Following her divorce, she now rents a house in a very affluent area of the city, and claims her family is 'the poorest where I live'. She tells us that although she has a high salary, she cannot get a mortgage as she has no savings.

Several interviewees, however, are well aware of their relative privilege. This applies regardless of whether they are at the top of our sample or in the lower income range. Even though Susann tells us that she cannot get a mortgage to buy the house she wants, she describes her life circumstances: "[I] belong to those who lead a good life. I live beautifully, I have my animals, I have everything." Likewise, Daniel tells us his family never has to consider how much things cost: "[t]hat is a great privilege, I think." Previous research on middle and upper-class women in Sweden (Sohl, 2018b), has found that they often describe their lives as 'good' and 'privileged'. In this study, it is also clear high-income earners are aware of their privilege and that their earnings are good in comparison to most, even though respondents, such as Erika, a doctor, do not think about it very often in their daily lives: "[o]f course I know where I belong, but I do not think about it."

Interestingly, several interviewees also make distinctions upwards. For instance, Henrik compares himself to those 'at the top': "[I] am really not at the top. It is a huge difference to be at the top in terms of pay. Then you can really talk about being very wealthy." Similarly, Lars who is at the top of our sample in terms of income, tells us about his experience at a colleague's wedding: "[s]uddenly, I realised everyone he knew had gone to Lundsberg [a prestigious private school] with him. And that is not something I did, so it is a world which I am not in at all." Other interviewees also mention those 'above' them in the social hierarchy, who have more than their fair share, thus underlining social injustices in Sweden.

They describe their own present and future situations in positive terms. However, some respondents belong to households with two high-income earners, whereas in others only one person enjoys a high income. But even in the latter cases, they do not seem to face financial problems. For instance, Markus tells us he is the main earner in his family, as his wife works in the cultural sector. He compares his family with households with two high-income earners: "[s]ince my wife does not make any money, we might not be super rich if you compare us with other friends who have two incomes over say 51,000." However, Markus tells us he has never felt any stress over money.

As interviewees feel economically secure, they claim that the pursuit of new challenges in their careers motivates their decisions about their working lives to a greater extent than pay increases. For example, Daniel says his salary was not the main factor when he last switched from being a consultant to a less well-paid job in a state-owned company:

It went down by 20,000, I think. But it felt totally okay. I wanted to do something different and thought I would join a new organisation. And I still thought that the salary I was getting was [...] I had no problems supporting myself.

After that move, he worked his way up and today he has a significantly higher salary than when he started. This is a recurring pattern when interviewees talk about their future in the labour market. Another example comes from Stefan, who works in a large corporation:

This might sound really strange, but at present it [economic reward] is no driving force. No, the driving force is that the company I am working for is doing well and that the people who work there feel good as well as the customers who come there to shop.

Similarly, Lars, who works in financial investment and is self-employed, says that a higher salary was not the reason he pursued the position he is currently in, and the salary is no longer a criterion for him when he is looking for a job, since salaries are good everywhere. Lars, who reports earning up to SEK 400,000 per month, which puts him among the top 1% income earners, adds that having financial margins means that in the event of being unemployed – which he sees as unlikely – he would be able to manage for at least half a year: "[a]bsolutely. It has been like that for probably [...] twenty years at least."

Another indication of interviewees' feelings of economic security is that many are not union members. It is worth noting that in Sweden, trade union membership is more prevalent among white-collar than blue-collar workers. According to Statistics Sweden (2018b), employees (aged 16-64) with post-secondary education are more likely to be members of a trade union or employer organisation than those without: 74% compared to 54%. Rikard tells us that he is not worried about unemployment but he still wants to guarantee his income by being a member of a union: "[w]ell, the only reason I am a member is actually because I get income insurance [with my membership]. Not because I think I'm going to become unemployed, but [...] yes, you sleep a little better at night." Some respondents have

chosen to be part of a union, not, presumably, because they need the membership to feel secure, because they already do. However, like Rikard, – and somewhat contradictorily – some interviewees still like to have that extra security, even though they do not think they will need it.

Besides the fact that their current income provides them with a good standard of living, the security of having a well-paid job in the future also appears to be crucial to their feeling of economic security. They feel secure in being able to retain their current job, and in knowing that their education and work experience, would enable them to find another equivalent job, if necessary.

Attitudes towards inequality and the welfare state

According to Svallfors (2012:2): “[a]ttitudes toward the welfare state and other public institutions should be seen as central components of social order, governance, and legitimacy of modern societies.” As for support for the welfare state, Svallfors (2011) has shown that there were no major changes in Sweden between 1981 and 2010. This is also evident in data from annual national surveys carried out by the SOM Institute at Gothenburg University⁹⁵ since 1986 (Nilsson, 2019). However, support for the public sector has increased substantially since 2010. In 2017, there were twice as many opposing cuts to the public sector as those in favour of a smaller public sector. As shown in previous research, people's views on the welfare policy in Sweden are closely linked to class, education and income (Svallfors, 1989). This pattern is visible in data on support for lowering income differences in society. According to a survey carried out in 2018, 63% of Swedes think it is a fairly good or a very good idea to lower income differences in society. The rate is significantly higher among people who have not completed compulsory education (79%) and lowest among those with a university degree or more (58%) (Wärnlöf-Bové, 2019). Another study has shown that certain high-income earning professions, such as lawyers, economists, and civil engineers, support reducing the public sector and would like to see more privatisation (Brante *et al.*, 2015).

ESS data shows that just over 40% of the top 10% (as opposed to over 60% of the rest of the income distribution) support the claim that “for a fair society, differences in living standards should be small” and that there have been no major changes in these attitudes over time (ESS, 2008, 2012 and 2016). ESS data (2008, 2016) also shows that those who consider themselves as belonging to the top 10% households agree with the claim: “[l]arge differences in income are acceptable to reward talents and efforts” to a greater extent than the rest. This is true in both 2008 and 2016. However, some minor changes over time are noticeable: in both groups, the proportion of ‘agree’ responses diminished. In the interviews, there were different arguments about inequality. Interviewees on the left seem to think that reducing inequality in outcomes would be good for society, while several on the right argue that equality of opportunity is more important. Another view is that inequality is not bad in itself. Instead the focus should be on the actual living standards of the very poorest in society.

In an ESS data-based study on age, class, and attitudes towards government responsibilities and income redistributions, Svallfors, Kulin and Schnabel (2012:179) find that for Denmark and Sweden: “[c]lass differences are substantially smaller in both countries in 2008 than they were in 2002. Support for redistributive policies increased in all classes in the two Scandinavian countries between 2006 and 2008, but increased more among the most sceptical - that is, among members of service class I.”⁹⁶

⁹⁵ SOM Institute

⁹⁶ Svallfors, Kulin and Schnabel (2012:169) explain their class categorisation as follows: “[w]e collapse the Erikson-Goldthorpe schema into six classes: unskilled workers, skilled workers, routine non-manuals, service class II, service class I, and the self-employed.”

Moreover, they (*Ibid.*:181) conclude: "[w]ith almost no exceptions, we find workers to be more supportive of extensive welfare policies than the self-employed and the high salariat."

The interviews seem to indicate relatively strong support for welfare policies in general, especially for free education (attitudes to education are further discussed below). In the sample, there are differences between those on the right and on the left in relation to three questions: are current levels of inequality a problem or, on the contrary, are they necessary or even positive? Should inequality be considered in absolute or relative terms – that is, should poverty and absolute living standards be the focus or is inequality a problem in itself? And lastly, should everyone be given equal opportunities or should society seek equality of outcomes?

There is a range of views among respondents on the left, between those who think economic inequality is problematic at the level it is today, to those who merely think it should not increase. An example of the former is Lars, who tells us income inequalities seem to make more of a difference in people's lives today than they used to:

I was a high-income earner in the nineties. Then, it felt like there was no major difference. Now there is a much bigger difference, with all private insurance and healthcare companies and RUT-stuff and ROT.⁹⁷ Everything like that clearly favours, I think, those who earn a little more. I think society has become less equal.

Conversely, Johanna, who works as a civil servant, believes only that inequality should not grow beyond its current levels. She told us 50% income tax should be the absolute maximum, thus setting a limit for income redistribution.

There are also those on the right who agree inequality should be addressed. When asked about the causes of income inequality, Cristian mentions the increasing gap between income from wages and income from capital gains: "[a]s I understand it, there has never been a larger gap, not since the 1930s or something, and I don't think that's good." Several interviewees point to the negative consequences of inequality, including for the rich, as it contributes to more crime. Cristian, who voted for the Moderate Party, told us high-income earners might ultimately be affected negatively by a large income gap: "It creates friction. I think it creates a bad social climate. I imagine it creates crime. Everything like that. So, I definitely don't think it's good." As interviewees discuss what society will be like in the future, several envisage a more fragmented one. Mats discusses the wealthy area he lives in, and predicts he might need more security measures than just surveillance cameras to protect his house in the future:

I don't have fences here. It's not because I can't afford to build a fence, but it's because I don't have to. Now I have surrounded myself with lots, lots of cameras, it's because I need it. But I can give it twenty more years and you can be sure that I will live in an area with security guards.

In a similar vein, Daniel ponders what kind of country he thinks Sweden will be in ten years' time. He believes social stratification will be more pronounced and that it will be "even harder to find common projects for all segments of society" to rally around.

There are other interviewees on the right who do not think that a more equal society is necessarily inherently desirable. Henrik, who works in PR and communications, thinks this depends on what you mean by inequality:

⁹⁷ ROT is an abbreviation for repairs, conversions, and extensions, and RUT stands for cleaning, maintenance, and laundry. If you hire a person to do these services in your household, you can apply for a ROT or RUT deduction on the labour cost (Swedish Tax Authority, 2020-03-18).

I really hope and do believe that it is possible in Sweden to come from Rinkeby [a marginalised neighbourhood in Stockholm] or something and become CEO of Ericsson. I really think it's special for those born today. And at the same time, I am not for any form of redistribution of income [...] wage adjustments between communities. [I]f you mean it would be more equal then, I wouldn't agree.

Henrik goes even further, and tells us he wants greater income differences: "[I] would benefit from it. Absolutely. And I think society would benefit from it. Sweden would benefit from it." Henrik emphasises, however, that this should not mean that the most socially excluded should be worse off. He believes differences in society are not negative per se, as they can be a driving force. Having voted for the Centre Party in the last election, he believes it would be positive if Sweden became more unequal. He thinks that politicians are afraid to admit they want a society with larger economic gaps, and that they would find that many support larger inequalities: "[I]t is clear that, when almost half of the population vote for it, then it is a view that a large part of the population has." Henrik adds:

It is really something that is always mentioned [...] that the gaps in Sweden are becoming larger. But the way it goes, yes, it is obvious that they are. The proposals [for tax cuts] that have been made by recent governments [...] will lead to increased gaps.

Henrik, like other interviewees, seems to think society needs some amount of inequality. Sebastian, when responding as to whether more equality is inherently desirable, claims: "it [society] should not be too administrative or static either. There is a certain dynamic in that you have the opportunity to distinguish yourself from others, it is a driving force too, so [some inequality] is okay." Other interviewees, especially on the right, like Amanda, think along similar lines. For her, one of the most important aspects of inequality is that it contributes to other problems such as 'exclusion' and 'segregation' from which everyone loses out. But ultimately, for her, inequality is not really the problem:

People can make a billion if they want. If they pay 65% of it in tax, then we should be damn happy that there are companies that bring in a lot of taxable money to Sweden.

In Amanda's opinion, high entry wages, which she believes many trade unions have negotiated in recent years, contribute to inequality. She thinks these wage agreements keep many people outside the labour market: "because of this, society has been torn apart. And I wonder if the trade union movement understands this." However, Amanda, who runs a business with several employees but earns just above the 10% threshold, does not see inequality as bad in itself, putting an emphasis instead on avoiding social exclusion and absolute poverty: "[s]ociety must have a minimum level that is acceptable." Among our interviews, there are those who believe inequality can incentivise people to improve their situation – those who think poverty is the problem rather than inequality. Others, meanwhile, see inequality itself as a problem because it affects people's living conditions. For instance, Jenny, a programmer, notes that society is built on injustice: "no one can be rich if no one is poor, because it is a relative concept." She believes Sweden would benefit from more equality: "those who have it worse would be better off, and that is a gain in itself." In the sample, there are several interviewees whose views on inequality are similar to Jenny's.

As mentioned in the introduction, Sweden has experienced a rapid increase in inequality in the past few decades (OECD, 2015b). When it comes to explaining *why*, there are some common themes among the interviews. First, there are those who describe increasing inequality as a consequence of political decisions. Interviewees on the left, and some on the right, discuss how the impact of neo-liberal

reforms of the welfare state has transformed society. Among those on the right, this development is not described as purely negative. Second, some interviewees associate inequality with increased individualisation, an explanation which is based on their comparison with previous decades. The third dimension of the interviewees' views and attitudes on inequality, discussed previously, namely whether everyone should be given equal opportunities or equal rights, can be illustrated by interviewees' concerns about the deterioration of the education system.

As previously mentioned, respondents agree on the importance of the education system regardless of their party political views. They consider it the welfare state's responsibility to provide everyone with free access to good quality education. Based on previous research (Martinsson and Weissenbilder, 2017), highly educated and high-income earners regard the school system as one of the most pressing societal problems. In addition, the education system is also the facet of the welfare state that interviewees themselves have most benefitted from, which, for instance, Lars emphasises. In addition to the education system, Lars also mentions the low cost of pre-schools as an important part of the Swedish welfare system, as the low cost enables both parents to work, and he compares himself with friends in England, whom he says have to spend much more on childcare.

Carl, a lawyer, also highlights how the education system can contribute to equality. He uses as an example a project in a marginalised area with which he volunteers through work – talking with secondary school pupils:

I told them "it's free to have an education like mine. If you work hard, you get good grades. Put effort into your education and you can get this [kind of life]. You get it for free." I don't know what an education like mine costs, it's pretty cheap, let's say a couple of hundred thousand, you get that from the state, then you work and pay taxes.

Carl believes that in Sweden, it is possible to work hard, make an effort, and be rewarded for it. For those, like Carl, who highlight the importance of equal opportunities, it is central that everyone gets the same chance to develop their potential.

The respondents' focus on the education system is not that surprising. Previous research (Svallfors, 1989) has found that higher grade professionals and the highly educated generally want to spend more on education and, indeed, the majority of interviewees are highly educated and have benefitted from free education.

Interviewees also agree that primary and secondary schools have undergone negative changes and are more strongly segregated by class than before. An example comes from Stefan, who votes for the Moderate Party:

I am not that excited about 'free schools,' for example. I think that you should go to school in your neighbourhood with your friends and that it should create the same opportunities for everyone there [...]; the protected schooling that we had in the 1970s, compared to what those born in the 1990s and in 2000s have [...]. It is quite a big difference.

Several interviewees seem to think that the school system has failed to meet the needs of some groups, such as migrants and working-class children, and this failure has increased knowledge-gaps between different groups. Erika is one of the interviewees who argues that Sweden has 'become a more unequal society' with reference to the education system:

I think the way in which the school system has developed, and above all [...] with charter schools, where it is obvious – although in theory anyone can apply [to them], [...] some [parents] know how to navigate the system and others don't. So, informal inequality takes place.

Erika is concerned about increasing levels of inequality and about charter schools contributing to inequality and ethnic segregation. In such accounts, the education system is seen as both having the potential to make Sweden more equal and to contribute to inequality – especially in its current form through privately-run charter schools.

Most interviewees do not feel that growing inequality is positive, even for the very wealthiest. They are concerned that large inequalities could lead to rising crime rates and that the rich will have to protect themselves in gated communities (which today are unusual in Sweden). Several interviewees also believe that the education system has deteriorated. They associate inequality in education primarily with the existence of private charter schools. The fact that Swedish schools are administered by municipalities, which spend varying amounts on education, is also seen as contributing to inequalities. Some believe that possible solutions include the central state being in charge of schools and improved dissemination of information on access to higher education.

Historically, education played an important role in the construction of the Swedish welfare state. (Nyström, 2012). As Nyström points out, education policies in Sweden have historically been central to the welfare state project. Tackling stratification based on class and gender was traditionally regarded as an important function of the education system. Despite this, education has remained a stratifying factor in Sweden, for instance in relation to access to tertiary studies for those from working-class backgrounds (Kahlroth, 2019). Even though the education system has never been equal, inequalities have noticeably increased. Nyström (2012:52) describes this as a consequence of political reforms: "In the rear-view mirror, it is clear that the reforms of the 1990s seem to have increased the importance of pupils' class backgrounds, at the individual level and, to an even greater extent, at school level."⁹⁸ At the same time, prestigious publicly-run schools are increasingly attractive to upper middle-class children (Lidegran, 2018).

Taxation and social responsibility⁹⁹

Sweden's tax-to-GDP ratio has decreased dramatically since the year 2000, from 49% to 44%, but is still one of the highest within the OECD. The OECD average tax-to-GDP ratio is 34.2 % (the latest figures are from 2017, see OECD, 2019b). Compared to other OECD countries, Sweden also has a much higher tax revenue on personal income. Proportionally higher payroll taxes also contribute to the decrease in individuals' disposable income in Sweden compared to other OECD countries (OECD, 2019c).

As shown by previous research (Edlund, 1999), there is relatively strong support for progressive taxation in Sweden. However, Edlund (*ibid.*:120) notes that "those with lower service class occupations and the self-employed are less supportive. The 'deviant' case of the higher service class is noticeable."¹⁰⁰ In recent years, the Swedish tax system has become less progressive. While income tax for high-income earners is fairly high, other taxes for this income band are low from an international perspective. In addition, as shown by Bastani and Waldenström (2019), university education is strongly positively correlated with

⁹⁸ Our translation.

⁹⁹ The question "Government should decrease/increase taxes and social spending" is not included in the Swedish part of the ESS.

¹⁰⁰ Occupational classifications are taken from the ISSP Social Inequality survey of 1992 (Edlund 1999).

support for almost all forms of taxation. Top 10% high-income earners, however, seem to hold more negative attitudes to progressive taxes, such as inheritance and wealth taxes, and this is especially true of state income tax. The explanation for this could be, according to Bastani and Waldenström (2019), that it is high-income earners who pay these taxes.

Some interviewees believe that the tax system needs reforming, especially income and corporation tax, as they benefit those at the very top. There is a pattern among interviewees: they talk about the importance of financing welfare services through taxes rather than charity. This is something that everyone seems to agree on, no matter where they are on the political scale. Several interviewees told us they are in favour of redistributive policies. Concerning the progressivity of the tax system, Sebastian said: "[t]here is a difference between me, I would say, and the top [...] those who earn a lot of money. I pay the top tax rate, as far as I've understood. And it feels a little unfair." He also believes it is reasonable that high-income people pay more in taxes: "Yes, yes. Yes, I do not like my tax rate, I just think I am not at the top of the pyramid yet, I think [the tax rate] could be much higher."

Interviewees also point out that some taxes should be reformed. Although the tax system benefits Cristian, as a partner in a law-firm, he is nevertheless critical of it as he believes that tax reform would help deal with mounting inequalities:

Yes, I think tax is a good way [to address inequality], if you do it right. Personally, as a high-income earner, I sometimes think it goes a bit wrong. After all, quite a few people become high-income earners and I think it hits the middle and upper-middle class hard. While the extremely [...] rich, if you want to call them that [...] and the corporations or the companies get away much easier.

At the same time, Cristian says the tax system disadvantages other parts of the middle class. He believes it could be reformed; that is, that the largest companies could pay considerably more tax than they do now, and that such changes could help reduce inequality. Another example comes from Nils: "[i]t should pay off to work [...] it is a little strange that you, you pay more tax on salary than you do on stock profits." Taking into account that our interviewees are high-income earners who derive most of their earnings from employment, it is not surprising that the taxation of income is seen by several as being too high.

Interviewees also discuss other taxes. Cristian draws attention to the fact that the abolition of inheritance tax has contributed to wealth building up in a way that allows those he calls the 'aristocracy' to transfer assets over generations. In seeming to benefit those who already have assets, he likens Sweden's tax system to that of the United States, which goes against the image of the country as a pioneer of equality (See Nyström, 2012; Pred, 2000). Indeed, many interviewees think high-income earners should pay higher taxes, some even believe they should pay higher rates than they do today. Some are critical of income tax levels; either because they are too high or too low. One example of the former is Henrik. He thinks tax levels in Sweden 'could probably be lower' and would like to see reform of state income tax (*statlig skatt*), municipal income tax (*kommunalskatt*) and the additional state income tax (*värnska*).¹⁰¹ Several interviewees, such as Maja, feel that the tax on capital should be higher:

If you earn more, you should pay higher taxes. I think you should [...] invest more in community structures that benefit everyone. It doesn't get better just because high-income earners earn more and can [...] give their loved ones good healthcare or good education. That does not serve the system or the community.

¹⁰¹ Additional income tax was abolished in January 2020.

Like Maja, several interviewees told us they think that those who earn more should contribute more; some even say they enjoy paying taxes. Sebastian says that one of the most important ways to achieve solidarity is to ensure that taxes that should be paid are paid, and that "there is no tax evasion or Panama papers¹⁰² stuff, to show those who may feel they are at the bottom [...], that yes [...] the state actually goes after the rich." For Sebastian, it is important that the state acts against tax evasion. On a similar note, Cristian comments:

People who work a lot, no matter what they do [...] must have the opportunity to create a small fortune as well. And I think that is difficult today, actually, for most of us. Even if you earn a lot it is not like you can save and have a million in the bank. But on the other hand, I think that those who are in the top layer earn too much.

Cristian tells us that he also thinks that there should be more focus on corporate tax. A noticeable pattern is that interviewees tend to perceive the tax burden on income as too heavy – though there are exceptions.

Taking a closer look at interviewees' views on the social responsibility of high-income earners, it is noticeable that some say they automatically take responsibility by paying taxes - an interesting example is Annika who consents to paying high taxes and thinks that she is automatically fulfilling her social responsibility in doing so. Beyond that, she does not feel she has any other responsibility. Further, she believes everyone has a responsibility, and high-income earners are not special in this respect: "[I] think everyone has equal responsibility."

When asked if high-income earners have a special responsibility to contribute to society, Carl conveys a similar point of view:

One contributes to a great extent by paying a larger share of tax. If I get a wage increase now, then it benefits the welfare state as well. The welfare state earns more from it than I do, and the social services that I use are the same as they were before. In a way, I think that you contribute more. A special responsibility [...]; no, I don't think so.

Helena also believes that high-income earners have a responsibility to pay taxes: "[I] yes, I'm not doing any tax planning. I don't do things like that to try to get away from paying tax. I made a good profit from selling my home and am not complaining that I will pay tax on the profit. In turn, I have received interest rate tax deductions on my mortgage (*ränteavdrag*)." Helena, like other interviewees, believes high-income earners should not 'complain' about high taxes.

However, others think high-income earners have a responsibility, beyond paying taxes, as they wield considerable power over the direction that society takes. For instance, Nils argues that high-income earners have additional responsibility "because it [being a high-income earner] is often linked to greater influence, perhaps. In some places at least." And Lars tells us: "[I]s a privileged [person] in society, you have to start taking more responsibility." Similarly, Markus describes high-income earners as having a particular responsibility: "[I] you usually have more power and are able to influence the development of society." However, Markus has the view that high-income earners mainly have right-wing opinions and, in order to improve society, he argues they "must drop their individualism and think more collectively."

¹⁰² The Panama papers refers to the 11.5 million leaked encrypted confidential documents that were the property of Panama-based law firm Mossack Fonseca. The documents were released on April 3, 2016, by the German newspaper, *Süddeutsche Zeitung* (SZ), dubbing them the 'Panama papers'. They showed how the firm helped clients launder money, dodge sanctions and evade tax. (<https://www.investopedia.com/terms/p/panama-papers.asp#:~:text=The%20Panama%20Papers%20refer%20to,them%20the%20E2%80%9CPanama%20Papers.%E2%80%9D>)

In sum, most interviewees seem to agree that taxes are a good way to redistribute economic resources. Nevertheless, some see themselves as disadvantaged because of Swedish taxation's focus on income, rather than on capital or wealth. To understand our interviewees' views on different taxes, it is important to remember that almost every one of them relies on a salary as their main source of income. They describe people who also have financial resources in the form of capital income or inherited wealth as the economic elite and place that elite above themselves.

The role of the private sector: create jobs and pay taxes

Interviewers asked all interviewees in what ways they thought the sector in which they worked contributed to society. Those working in the private sector describe it in mostly positive terms. Respondents on the right in particular argue that the private sector creates jobs and contributes to society by paying taxes. Besides jobs and taxes, interviewees seldom, if at all, refer to any other contribution made by the sector. They do not believe the private sector has a role to play in relation to inequality beyond creating jobs and bolstering economic growth. Amanda, who runs her own business, describes the way her company contributes to society:

I see every month what my company pays in taxes and fees. And I can be damn happy and proud of it because if I had not struggled those first years working without pay and with all the risks I took then [...]. Instead of gaining work experience after my years at university, I invested in something of my own. This has meant that many people have had jobs and good wages to pay taxes every month as well.

In Amanda's view, entrepreneurs who work hard contribute by creating jobs and generating tax revenue. Similarly, Mats says that his companies have paid hundreds of millions in taxes over the past decade, but no one thanks him for the fact that many schools have been able to run because of this tax revenue. Similar to Amanda, he argues that these kinds of contributions are not sufficiently valued in Sweden. Others, like Antonia, tell us that the company she works for benefits society through the products they make. Stefan, who works for a large corporation, believes that his company contributes to increasing solidarity in society by the way it treats its employees:

We do a lot today. We talk a lot about people's equal value and that every person should have a place and get a chance. We could do more. [W]e would need to reallocate some resources so that we could offer some training for certain groups of people that we feel we would like to invest a little more in.

Stefan believes large Swedish companies could take more social responsibility by investing in, for example, youth sports activities. In addition, Peter, who works in the car industry, comments that it is important for him to work on environmental issues and that he would not work for the company if it did not take them seriously: "I'm constantly living with a concern that the company is not doing right, so to speak."

Most interviewees do not seem to see any value in companies being engaged in the third sector, except for small commitments, such as immigrant integration projects in schools, as discussed before. As previously mentioned, Carl visits schools in marginalised neighbourhoods as part of his company's corporate social responsibility. Hugo's company, similarly, works one week per year in a charity. Although he thinks this is positive, it is not something that he has had time to get involved in.

Interviewees do not think companies have to make large investments or engage in structural changes. However, some stress that the company they work for could take responsibility beyond paying taxes. When Markus discusses the company he works for, he brings up the responsibilities they take and could take in the future:

We are a large private company that earns lots of money. We pay a lot of money in Sweden in tax and also try [...] in the countries [where] we do business we [...] help organise trade unions and try to help to raise wages, even though wages are far too low in those countries. But it is also possible to take even more social responsibility on the part of the business, absolutely.

In addition, Stefan describes his company as 'a positive partner in society'. He believes companies are a positive force that could engage, for instance, in helping refugees find employment and, beyond that, making them feel welcome in Swedish society. However, his view differs from the dominant opinion that the private sector is not responsible for making a difference. Interviewees on the left emphasise that companies could do more, for instance, for workers' rights, while those on the right tend to talk about the private sectors' contribution through tax revenue and different corporate social responsibility projects in marginalised neighbourhoods.

Political participation and civic engagement

There is a tendency for the top 10% to be somewhat more interested in politics than the remaining 90% of the income distribution. 71% of the top 10% are very or quite interested in politics, compared to 64% of the rest of the distribution (ESS, 2016). However, a large majority have not volunteered or been involved in politics in the past year. This applies to both groups. There are no significant differences between the top 10% and the rest of the population. No trends can be seen over time (ESS 2008, 2012 and 2016).

As shown in previous studies (e.g., Olofsson, 2018), high-income earners are more likely to vote than the rest. As far as class voting in Sweden is concerned, it is known from previous research (Oskarson, 2010; Vestin and Oskarson, 2017) that class is significant for party sympathies – public officials and entrepreneurs tend to sympathise with parties on the right while blue collar and lower level white collar workers tend to vote for the left. However, in recent decades there has been a decline in voting according to class differences (Vestin and Oskarson, 2017; Vestin, 2019).

The fact that high-income earners seem to have an interest in politics is also reflected in the interviews. However, only a few have ever worked or volunteered for a political party or organisation. The most common reasons they give for not wanting to get involved include that it is time-consuming; that they regard political work as boring; or they do not share the groupthink they associate with political parties.

The political context in which the interviews were conducted was that of an – for Sweden – unusually difficult process of forming a government when the 2018 general election ended in a deadlock. None of the traditional blocks managed to secure the 175 seats needed to form a coalition because none of them – or any of the parties for that matter – were willing to form a government that would be dependent upon support from the far-right party, the Sweden Democrats. The relationship with the Sweden Democrats has dominated Swedish politics since they first entered into parliament in 2010. After three months of negotiations, the Social Democrats and the Green Party formed a minority government based on support from the Liberal and the Centre Party through the so-called 'January Agreement' signed in 2019 between the Social Democrats, the Centre parties, the Liberals and the Green Party.

Few interviewees had ever worked for a political organisation, for instance as a local part-time politician. In relation to political participation and civic engagement, there are three dimensions in the interviews worth highlighting. First, all interviewees but one state that they generally vote in general elections. Second, the majority are not actively involved either in party political or civil society organisations. Third, many donate small sums of money, preferably to NGOs.

Respondents were asked why they voted as they did in the last election. Jenny explains:

I personally have such a good life that I may not have to vote. I don't have to worry. No matter who wins, it won't make much difference to me. I will still be able to go to work and drive my car if I want. But then I can instead vote for someone who is worse off.

Jenny tells us that she does not primarily vote out of self-interest. As a high-income earner, she can live her life as usual no matter what political party is in power. Instead, she wants to use her voice to improve the lives of those in a less fortunate position.

Indeed, several interviewees actively reject the Sweden Democrats, regardless of where they are on the political spectrum. For example, Susann states that she voted for the Social Democrats because she did not want the Sweden Democrats to gain more power. The exception to this is Mats. He is the only interviewee who voted for the Sweden Democrats in the 2018 election, and also in 2014. Research by The SOM Institute has shown that the Sweden Democrats had weak support among high-income earners in both the 2014 and 2018 elections (Sannerstedt, 2016:172). When compared to Social Democrat voters, a recent study shows that Sweden Democrats voters have roughly the same income distribution, though it is little more common for Sweden Democrat voters to have a very high income (over SEK 70,000 per month) (Jylhä, Rydgren and Strimling, 2019). Mats says his decision to vote for the Sweden Democrats was for 'purely strategic reasons' and explains:

It is only this way [by voting for the Sweden Democrats] that you can force the Social Democrats in a healthy direction. The Social Democrats, [forming a coalition] together with the Green Party, that has been the most dangerous thing we have done. That is, when we brought in the Green Party [into government] and let the Green Party have an influence on migration policy, then we became completely extreme.

Mats explains his decision to vote for the Sweden Democrats by referring to earlier migration policies; a change in a liberal direction that was largely driven by the Green Party who were in a government coalition with the Social Democrats from 2014. However, it should be noted that the Social Democrats' migration policies have changed dramatically in the other direction since the refugee situation at the end of 2015. Mats' views could also be understood in light of what existing research tells us about the position of the elite, that is, as Khan, (2016:9) puts it: "populist' ethno-nationalist movements" appeal to "some sub-set of élites."

Annika is one interviewee who flagged migration as important, and has both voted for and been active in the Social Democrats. However, after the restrictive migration agreement the party made with the right and the Green Party, she says that she can no longer vote for them. Mats, in contrast, has previously been active in, as well as voted for, the Social Democrats but now votes for the far-right party, the Sweden Democrats, because of migration and integration. Mats is an exception; most other interviewees think the Sweden Democrats must be curtailed. However, some believe it is dangerous to exclude them from negotiations and coalitions. For instance, Peter says he has no time to spare for the

Sweden Democrats, but he does not think it is right to isolate them politically, which happened after the last parliamentary election:

They must be let in and then you have to debate, and make visible, the downside of their way of thinking. By shutting them out, it becomes like Germany in the 1930s, they become martyrs and there will be more and more people who think "[y]es, but we just want to bring about a change" and do not care what change.

In the latest parliamentary election, Amanda voted for the Moderate Party, and not for the Sweden Democrats, but believes that 'it is not democratic' to exclude a party, the way the Sweden Democrats have been excluded from political negotiations and coalitions since they entered parliament for the first time in 2010.

It is worth noting that some interviewees are swing voters: they view both left and right parties as viable alternatives. The voting behaviour of some interviewees can be understood through the GAL-TAN scale (Hooghe, Marks and Wilson, 2002) used to describe different sides of the political spectrum. GAL stands for green, alternative, and libertarian, while TAN (TAN stands for traditional, authoritarian and nationalist). Some interviewees, like Stefan, express political views that can be associated with the left, yet vote for parties on the right. Others, like Rikard and Annika, most often vote for parties associated with the left but have considered voting for the Centre Party, at times for reasons related to gender representation. Annika, who has been active in the Social Democrats, tells us:

Even though I vote for Fi [Feminist Initiative] [laughter], I'm not that far from Centre politics either. And I would like to have a female prime minister. So yes, I thought '[...] I could vote for Annie Lööf' [the leader of the Centre Party].

Some respondents have been local politicians and one is a politically appointed full-time official. Annika and Mats have been active in the Social Democrats. Others have worked for specific political campaigns. Cristian, for example, was part of the campaign for Sweden to join the European single currency, where he did paid work in the campaign for a 'yes' vote. A majority of the high-income earners in this study vote in general elections, though few of them are or have been active in a political party. It is also worth noting that interviewees are often critical of the content and direction of current policy, though not necessarily of the political system per se. While a majority of interviewees are not interested in becoming politically active, this does not seem to be due to a feeling of distance from politics. Rather, they believe engaging with political parties is boring and time-consuming. Erika adds that she would have difficulties aligning herself with a party, and similarly Peter refuses to have to share a way of thinking with a political party: "It becomes conformist and it becomes simplistic. No, I don't think it's good. I really like people to have complete freedom of choice. I don't like groupings." However, there are exceptions, such as Cristian. He tells us that he thinks it would be fun to be politically active, but he does not think he has time to fully contribute.

Although several interviewees seem reluctant to become active in a political party, some engage in broader political commitments. Those who are – or considering becoming – involved politically, have three main areas of interest: migration, immigrant integration, and the environment. Concerning the latter, it is clear that these interviewees consider environmental issues important, but few of them are actively involved. Those who are, donate or have donated money to Greenpeace, while others, such as Peter, describe their reason for working professionally with environmental issues as a way of contributing.

In contrast, several interviewees are involved in integration projects, and it is striking how many of the interviewees seem to equate civic engagement with working with immigrants. None of our respondents mentioned doing charity work for poor *non*-immigrants, such as contributing to food banks or volunteering at shelters for homeless people. The impression is that social marginalisation and vulnerability – social injustice – primarily affect immigrants. Some respondents help migrants through their work; others join and meet people through different kinds of integration projects; one works for a network offering practical support to refused asylum-seekers. Rikard, with a background of being active in his student union, highlights the environment and integration as political issues that are important to him. He argues that to achieve the latter, it is important that newly arrived immigrants join the labour market – which is often discussed in Swedish public debate. Rikard is careful to add: “[y]ou should not see the group itself as a problem. You should see it as an opportunity.”

Other respondents have also tried to get involved in projects integrating migrants. Through work, Carl volunteered for a project in a marginalised area in Stockholm and contrasts it with the inner-city district where he lives. He describes being affected by meeting the young people who took part and how they are forced to take responsibility for their parents' situations:

Now, just sitting here in Södermalm and moving in my own circles [...]. It was an eye-opener to go out to [a marginalised area in Stockholm] and meet eighth-graders and see what [...] what it's like there. It touched me deeply [...] when a young guy said that he had to explain the political system to his mother [...] such a huge responsibility for a 15-year-old.

Carl became more aware of people's unequal chances in Sweden by leaving his own neighbourhood and social circles, meeting young people in different socio-economic circumstances. He felt that one possible way to make a difference was to inform young people, through face to face interactions, about the opportunities that exist elsewhere in society. Other interviewees tell us that they are active in – or are thinking about becoming involved in – integration initiatives. For instance, Stefan told us that he would consider getting involved in 'creating possibilities for young people and newcomers.' Helena, a soon-to-retire professor, tells us that the integration of refugees is an area she might get involved in. She says that she might invite a refugee for dinner with her friends. Rather than inviting a Roma asking for money outside her nearest grocery store, she would invite “[a]cademics from Syria, who are very similar to us in many ways. [pause] Unfortunately, I would prefer to do that.” Helena has a self-critical tone when she adds that she thinks that she would prefer inviting refugees who, like herself, are highly educated. Helena is also active in a charity project for an orphanage in the global south.

Those interviewees highly critical of the Sweden Democrats also defend those who signed the January Agreement. One aim of which was to enable the Social Democrats and the Green Party to stay in power, and keep the Sweden Democrats out, after the 2018 general election. The agreement is beneficial for high-income earners, with tax cuts for their income band on the political agenda. Notwithstanding, some interviewees considered the agreement problematic, as it would lead to compromised and blurred party boundaries, which in turn would make voters lose confidence in the political system.

Erika is one respondent who, concerned at the possibility of the political situation shifting, given the emerging anti-democratic right-wing politics in Europe, is considering becoming more politically engaged. This applies both to those on the left and the right. Erika, defines herself as left-wing and has been active in student politics and involved with ATTAC, an international network critical of neo-liberal globalisation and campaigning for the regulation of financial markets. Erika is currently engaged in asylum issues as a member of the board of the Asylum Committee of her town, the local branch of

The Swedish Network of Refugee Support Groups, FARR. She says she might become more politically engaged if the situation changes:

Imagine, that we end up in a situation where it is like Poland or Hungary [...] then I would be a lot more committed if I felt that important rights like [...]. Then maybe I would be forced [...] if it became a more [...] even more polarised situation. The fact that I am active in the asylum committee is [...] pretty much a reaction to the fact that I think it has become like that.

While Erika tells us that she is involved in asylum issues because of her concern at the growth of right-wing nationalism in Europe, including Sweden, she points out that she does not engage with political parties. Carl feels it is important to make sure that European cooperation will not be undermined by authoritarian right-wing forces and talks about some integration projects he is considering getting involved with. Having previously emphasised the importance of education, he tells us that he has donated money for sports projects in marginalised areas. This chimes with the importance other interviewees attach to integration — an issue for which there is appetite for engagement.

Within the interview data, there are three identifiable trends in respondents' involvement in politics and the third sector. First, interviewees (with one exception) vote and seem to attach great importance to participating in elections. Second, even though they have a genuine interest in politics – and several have a pronounced political ideology – most (although there are exceptions) are not active in any political organisation. Third, when it comes to their involvement in civil society and the third sector, many express ambivalence about charity. While sceptical, they have made a pragmatic decision to continue to donate money – mainly to large established organisations such as the Red Cross, Greenpeace, Save the Children, and Médecins Sans Frontières – but do not view charity as a long-term solution. This can be understood in relation to the recent history of Sweden; the state, rather than non-profit organisations, is seen as responsible for providing support to those who need it. The interviews do not show any political difference in attitudes to this between those on the right or the left. Even the former agree that it is primarily the state that should take responsibility for people living in poverty.

Conclusion: the top 10% feel secure for themselves, but not for society

It is striking that, regardless of whether interviewees are on the left or right of the political spectrum, most believe that the education system is one of the most important institutions through which equality can be achieved. In Sweden, investment in education intensified during the 'golden years' of the welfare state – creating universal access to pre-school and introducing universal grants and subsidising student credits for higher education – in an effort to elevate the whole of the working class (see Sohl, 2018a). However, following neo-liberal reforms to the welfare state, upward mobility came to be understood as the responsibility of individuals: it was up to them to improve their own life conditions.

This is reflected in the respondents' narratives. On the one hand, they stress the importance of a universal education system, as the main mechanism for upward mobility. This chimes with the fact that, as mentioned earlier, a majority of respondents have a university degree. On the other hand, they also point to their own agency and individual efforts as decisive for their position on the income scale.

What is characteristic about Swedish high-income earners – compared to those in Ireland, Spain, and the UK – is that they do not worry about money and mostly feel secure about their economic position, but not about that of society as a whole. According to EU-SILC data (2016), only about 3% of high-

income earners in Sweden claim to face some difficulty in making ends meet. According to the ESS, the top 10% felt safer in 2016 than in 2008; suggesting that the 2008 financial crisis did not significantly affect them.

Their feeling of economic security is tied to their access to stable employment and good labour market opportunities. For instance, several are not members of a trade union, and do not seem to be worried about becoming unemployed. It is also notable that few respondents express concern about housing costs.

Interviewees strongly support the welfare state. They also put the primary responsibility for reducing inequality on the state, regardless of whether they are on the right or left of the political spectrum. Our interviews indicate that, besides paying their taxes, the majority do not think high-income earners have a particular responsibility for addressing inequality.

The interviewees' views on inequality differ. Some describe large inequalities as negative, both for those at the bottom and at the top; others see inequality as necessary or positive. Several interviewees voice concerns about growing inequalities in the education system due to school segregation. The Swedish interviewees also seem to understand poverty as an issue of integration.

Although not unanimous, there is support among most interviewees for taxation as a redistributive mechanism. This is interesting in the light of public debates about taxes being too high, particularly for high-income earners. Nevertheless, some respondents argue that the tax system needs reform, flagging up that reform of corporate and asset taxes (including inheritance tax) is needed because they currently benefit those at the top. Several believe tax evasion is morally wrong and a problem that needs to be addressed. It is important to note that high-income earners are especially affected by taxes on income. Some believe that their taxes should be even higher and more progressive, while others think taxes in general should be lower, arguing that if people retain more of their income it would incentivise them to work harder.

Interviewees working in the private sector talk about it in mostly positive terms. For instance, they claim it creates jobs and contributes to society through taxation. However, respondents on the left highlight that companies could take more responsibility for workers' rights, for example. Conversely, interviewees on the right stress the private sector's contribution through tax revenues and projects in marginalised areas. A majority do not seem to regard the private sector as central in addressing inequality.

Previous studies (e.g., Olofsson, 2018) have found that high-income earners are more likely to vote than the rest. Several respondents have an interest in politics and strongly held political views. However, few have worked or campaigned for a political organisation or party. Previous research (e.g., Oskarson, 2010; Vestin and Oskarson, 2017) has shown that class is significant for party sympathies, even though there has been a decline in class voting in Sweden in recent decades (Vestin and Oskarson 2017; Vestin 2019). Today, the GAL-TAN scale is often used to describe new political dividing lines. For our respondents, however, a traditional right-left scale seems to explain the interviewees' values and attitudes: those who favour increased redistribution through higher taxes place themselves to the left, and vice versa. They clearly reject xenophobic parties and right-wing populism, bar one interviewee who voted for the Sweden Democrats. Several interviewees express political attitudes and values that tend to be more left-wing than indicated by the voting behaviour of high-income earners as a group. Strikingly, several interviewees tend to express left-wing attitudes, even if they vote for political parties on the right.

It is clear that most interviewees regard meritocracy as a key characteristic of a fair society. Hence, they emphasise the importance of the education system in achieving upward mobility. Why are narratives about upward mobility so powerful? One answer is that such narratives “fit in with the national ‘success story’” (Sohl, 2014: 467) of the Swedish welfare state. Social mobility is also often equated with equality and social justice, a view which, for instance, Paulsen (2010) is critical of (see also Lawler and Payne, 2018). However, some interviewees acknowledge that there are limitations to what individual effort and hard work can achieve.

They point out that having an immigrant background is an impediment to upward mobility, and that this is exacerbated by housing and educational segregation. Several also identify class-related injustices that impede people's life chances, pointing out that those in working-class professions are often not proportionately rewarded for their work. In general, interviewees stress the connection between success and hard work, even though some acknowledge that people in working-class jobs often work hard without being fairly paid.

The top 10% of income earners in Spain

The top 10% of income earners in Spain

I am in favour of public services, but there should be more investment, especially in healthcare, as investment has fallen a great deal. After the [2007/8 financial] crisis, the public health system worsened considerably. It was one of the best in the world, now it has huge waiting lists, people who don't receive care when they need it [...]. Those of us who can afford private insurance are very lucky because the public health system is in a very bad state.

Javier, a ship captain

Introduction

This quote could have been heard in any street in Spain during the Covid-19 pandemic, the effects of which still remain to be seen, having hit the country in March 2020, collapsing the health system. It was said, however, a year earlier, during a conversation about inequality, its roots and its consequences. Javier, a 38-year-old ship captain from Barcelona, believes himself to be "in the middle of the income distribution" and is aware that he is well-positioned. "I do consider myself privileged to have a well-paid job that allows me to travel and have free time." He is also happy to contribute to the welfare system he thoroughly defends: "If I'm lucky enough to earn a little more than others, I'm not going to complain about contributing a little more." However, Javier is, in fact, among the 10% top income earners – he earns over two times the average income in Spain and almost three times the median income. His misperception of where he fits in the income distribution is not uncommon. In fact, none of the thirty high-income earners that were interviewed placed themselves higher than the top 25%, despite all being above the top 10% threshold.¹⁰³

Inequality in Spain was already a concern prior to the pandemic, which has evidenced and enhanced existing differences between the 'economically secure' and the more vulnerable. The upward trend observed in several inequality indicators since the 2007/8 financial crisis was not only acknowledged by the average Spaniard; all of our sample also considered inequality to be a major problem for the country, and many had strong opinions about the importance of taking action against its social and political consequences.

The introduction to this report addressed the need to explore the 'black box' of the top 10% – a group rarely studied in the context of inequality studies. This chapter aims to do that in the Spanish case, which, although having the lowest threshold for belonging to the top 10% of income earners (an annual gross personal income¹⁰⁴ of €36,265,58) among the study's four countries is, by many indicators, the most unequal country among them.

¹⁰³ In the section of the interview entitled 'Self-perception and action' respondents were asked the question 'Where do you see yourself in terms of income? Where do you think you fit? (above average, top 25%/10%/5%/1%?)'. For the interview schedule in full, please refer to the appendix.

¹⁰⁴ That is, gross personal income from employment (cash, non-cash), self-employment, pensions, educational allowances, and other benefits (EU-SILC, 2016).

The chapter first outlines the economic context of inequality in Spain, including the development of its welfare state and redistributive policies. It then describes the socio-economic characteristics and political behaviour of the Spanish top 10% and those of the sample. This will help in understanding the results of the interview process, which will be discussed in subsequent sections on their perceptions of social mobility and their feeling of economic security; their attitudes towards inequality and redistribution; their evaluation of the welfare state and taxation; and their connection with the rest of society. A last section of concluding remarks will lay the ground for a series of policy recommendations, which will be later developed in 'Policy recommendations. Inequality and the top 10% in Europe' (TASC, 2020).

The extent of inequality in Spain

In one of the first comparative reports on inequality¹⁰⁵ (Sawyer, 1976), a rather sharp picture of the extent of inequality across industrialised countries showed that the Nordic countries clearly enjoyed the lowest levels of inequality (mainly as a consequence of the extension of their tax and social benefits systems), the United States had the highest, and Spain was placed not far behind, with one of the highest figures for the 80/20 ratio.¹⁰⁶

Four decades later, the picture has not substantially changed for Spain. According to the latest Eurostat data,¹⁰⁷ the country still has one of the highest 80/20 ratios in the EU-28, only below Bulgaria, Romania, Lithuania, Latvia, and Italy. The 2007/8 financial crisis has had a marked influence over the evolution of this indicator in Spain.¹⁰⁸ In 2007, the ratio was at 5.48, but by 2015 it had gone up to 6.87, a 25% increase. Though the ratio had fallen slightly by 2018, at 6.03, it is still far from reaching pre-crisis levels. As with several other indicators, this is also the highest figure out of the four countries in this report – the UK has a ratio of 5.63, Ireland of 4.23 and Sweden of 4.13 – and is almost one point higher than the EU-28 average (5.12). A similar conclusion can be reached when comparing the top and bottom deciles. Using the OECD's latest available data (for 2017), Spain still has the highest P90/P10 ratio (the difference between the last and first deciles) out of the four countries, reaching a value of 4.8.¹⁰⁹

Spain also has one of the highest Gini coefficients in the EU, well above the EU-27 average. In 2018, the Gini coefficient for equivalised disposable income (after taxes and transfers) was 33.2¹¹⁰ in Spain, far from the European average (30.4), and again higher than both Sweden (27) and Ireland (28.9). The UK only recently surpassed Spain, after increasing from 31.5 in 2016 to 33.5 in 2018; the first time that the UK has had a higher Gini coefficient than Spain.

Poverty levels have also still not come back to what they were pre-crisis and remain among the highest in Europe. Spain has a high monetary poverty risk¹¹¹ index (21.5% of the population in 2018), 4.4 points above the EU average (17.1%) and, again, higher than those of the UK (18.6%), Sweden (16.4%) and Ireland

¹⁰⁵ A report not without its methodological limitations: the data was biased by problems of homogeneity of sources and simplicity of some methodological decisions, such as using per capita income instead of income adjusted according to the characteristics and size of households applying equivalence scales.

¹⁰⁶ The S80/S20 ratio is the share of all disposable income received by the top quintile divided by the share of the first one.

¹⁰⁷ The data used here comes from the EUROSTAT Database (2020), which refers to 2018 figures - the latest available data.

¹⁰⁸ Although the effect on income distribution of changes at the macroeconomics level may be conditioned in each country by demographics and institutions, pioneering studies such as Blank and Blinder (1986) and Cutler and Katz (1991) agree that recession periods can be correlated with increases in inequality and a special toll on households with lower income levels, while the expansionary periods are usually associated with improvements in equality levels.

¹⁰⁹ 'Income Inequality' (OECD)

¹¹⁰ 'Gini coefficient of equivalised disposable income data' (Eurostat)

¹¹¹ The data comes from the harmonised information collected by EUROSTAT, which is obtained from EU-SILC and ECHP (European Community Household Panel).

(14.9%) (Eurostat, 2020). This population is even higher when looking at the latest 'at risk of poverty or social exclusion' (AROPE) index for 2018, designed for measuring poverty within the EU 2020 Strategy framework.¹¹² This index, which widens the scope to account for people "at risk of relative monetary poverty and/or severely materially deprived and/or living in households with very low work intensity,"¹¹³ shows that more than a quarter (26.1%) of the Spanish population are part of this group, a figure that is again higher than those of the UK (23.1%), Ireland (21.1%), Sweden (18%) and EU-27 average (21.6%). This figure also now includes a higher proportion of 'working poor' than when the 2007/8 financial crisis started, as, given the issues faced by the Spanish labour market since reform in 2012,¹¹⁴ more young and low-income workers fall under the poverty threshold. Ever since that reform, and having gone down to pre-2007/8 crisis levels in 2013,¹¹⁵ the in-work at-risk-of-poverty rate has increased.

The outcome of the distributive effects of the 2007/8 financial crisis is therefore clearly regressive: a double loss of income took place in Spanish society, with average levels in real terms lower than a decade ago, and an increase in the share of income gathered by the richest.

All in all, Spain has maintained its pre-2007/8 crisis characterisation as a country with high inequality levels, with the crisis' differential impact on unemployment (as discussed below) further increasing inequality of income distribution. Nevertheless, what may be more striking is the lack of apparent changes in the long term, given the significant expansion of the policy instruments for tackling inequalities in primary incomes. Public expenditure and revenue have grown intensely since the beginning of the Spanish transition to democracy in the late 1970s. As Ayala (2016:2) has pointed out, "the apparent immobility of the inequality indicators seems surprisingly alien to this extensive development of redistributive public intervention."

Redistribution in the Spanish welfare state

The data shows the extent of income inequality in Spain as well as serious difficulties faced by those in the lower part of the income distribution. According to the latest *Report on Inequality in Spain* (2018), published biennially by Fundación Alternativas, this trend of inequality and poverty is the consequence of significant structural factors independent of the economic cycle, pointing to the inability of the Spanish economy to create stable employment, the high concentration of capital income and the limited redistributive capacity of the tax and benefits system (Ayala and Ruiz-Huerta, 2018:13-14).

The effects of the 2007/8 economic crisis on unemployment certainly set Spain apart from the other three countries. In 2013, Spain had an unemployment rate of 26.1% and, although it went down to 13.6% in February 2020 (the last month before the pandemic's devastating effect on employment), it was still more than double the EU average (6.5%)¹¹⁶. Meanwhile, youth unemployment rates – which reached a staggering 55.5% in 2013 – remain at 32.5% (as of 2019) (Ignacio Conde-Ruiz *et al.*, 2020), again more than twice the EU average (Eurostat, 2020).¹¹⁷ This recovery in absolute terms, however, has come predominantly from an increase in precarious jobs, such as temporary employment (three times

112 'At risk of poverty or social exclusion' (AROPE)

113 These are the criteria applied by the AROPE indicator. More information on the indicator can be found at: 'How is poverty measured?' (EAPN)

114 The reform introduced important changes in lay-off regulations, collective bargaining and active labour market policies. For more information, see Malo (2012).

115 'In-work at-risk-of-poverty rate' (Eurostat)

116 As a consequence of the pandemic, the most cautious estimates place the unemployment rate at the end of this year at almost 20% (European Commission, 2020).

117 'Youth Unemployment Rate' (Eurostat)

the EU average) and involuntary part-time jobs, all of which disproportionately affect young workers.¹¹⁸ The implications of this are evident: the in-work at-risk-of-poverty rate for temporary workers (21.3%) is almost three times as high as those with a permanent job (7.3%) (Eurostat, 2020).¹¹⁹

At the other end of the scale, wage gaps and capital income concentration at the top are also very high in Spain and, particularly the latter, have in fact increased during the crisis. Although determining capital income is not easy, while wage inequality dropped slightly between 2014 and 2017, non-labour income went the opposite way, a trend that is likely related to the increase in rent prices in recent years (Anghel *et al.*, 2018).

This increase in market inequality has not been matched by an equally ambitious push to correct those differences through taxation and public spending. The capacity of the Spanish state to do so – especially during the last years of the 2007/8 financial crisis - has become ever more limited. Public expenditure cuts (Neguerela, 2020), changes in the revaluation mechanism of the public pension system¹²⁰ and a downward trend in direct taxation¹²¹ are some of the factors explaining the lower redistributive capacity of the Spanish public sector. A rather simple calculation of redistributive capacity can be achieved by subtracting the Gini coefficient of disposable income from the Gini before social transfers. As Buendía and Molero (2018) show, among Eurozone countries, only Latvia, Estonia, and Lithuania redistribute less than Spain. Some countries with higher levels of market inequality, as in the case of Ireland, have better results in terms of disposable income inequality, which indicates a more powerful redistributive effect of their public expenditure and revenue system.

This difference in redistributive capacity is shown by calculating net and gross household income as a percentage in each of the report's four countries. There is considerable difference between the before tax and after tax Gini coefficient in Spain (from 0.525 to 0.345), though less so than in Ireland (which goes from the highest pre-tax Gini coefficient among the four countries at 0.545 to 0.297). Spain does, however, show less capacity for public redistribution both for the population average (the mean Spanish household keeps 83.4% of their gross income) and for the top 10% (80.2% for Spain, 73.7% for Ireland, 73.6% for the UK and 70.3% for Sweden). This percentage also varies the least within the top 10%, as the percentage only goes down seven points (to 73.2%) at the top 1% level."

118 This situation has worsened considerably as a consequence of the current coronavirus crisis, because a large number of temporary workers (mainly young) have been the first to lose their jobs.

119 'In-work at-risk-of-poverty rate by type of contract' (Eurostat)

120 Act 23/2013, passed in the midst of the financial crisis, introduced the application of the Pension Revaluation Index (IRP in Spanish), which substituted the use of the Consumer Price Index (IPC in Spanish). The IRP is an automatic indicator, which objectively sets the revaluation that should be applied to all existing pensions to achieve the financial equilibrium of the pension system within a few years. With Act 1/2020, the new government decided to reinstate the IPC.

121 The increase in personal income tax by the Rajoy government in 2012 was the beginning of several other increases taken with the pretext of the financial crisis. Later, a Royal Decree 9/2015 established a series of measures to reduce the tax burden of personal income tax payers, as well as reducing income tax for non-residents.

Table 1: Net household income as percentage of gross household income

	Ireland	Spain	Sweden	UK
Mean	80.0%	83.4%	72.8%	78.1%
Median	91.5%	88.1%	75.8%	86.5%
Top 10% threshold	73.7%	80.2%	70.3%	73.6%
Top 6% threshold	70.8%	78.9%	67.9%	72.5%
Top 3% threshold	65.6%	75.8%	65.1%	69.3%
Top 1% threshold	64.2%	73.2%	61.8%	64.4%
Gini (before tax)	0.545	0.525	0.432	0.520
Gini (after tax)	0.297	0.345	0.278	0.360
Difference in Gini	0.248	0.180	0.154	0.160

Source: EU-SILC, 2016.

Indeed, fiscal pressure in Spain is lower than the EU average and, even though the implicit tax rate on consumption¹²² is very low, the last few years have seen a shift from a predominance of direct to indirect taxation. That is due, in part, to a fall in the capacity of corporate tax to raise revenue and, in part, to the lowering of personal income tax (Ruiz-Huerta, 2019). At every income level, the latter's progressivity is now lower than that of most EU-28 countries.¹²³ In comparison to the other countries in this report, Spain has low fiscal pressure at the top of the income distribution.

The redistributive capacity of direct taxation in Spain is limited and seems to be trending downwards (Cantó, 2013; Ruiz-Huerta *et al.*, 2011; Ruiz-Huerta, 2019).¹²⁴ Moreover, taxes on capital or its transmission may be the hardest to raise and are in fact trending downwards, in part due to downward fiscal competition resulting from increased decentralisation.¹²⁵

A big part of Spain's high levels of inequality can be attributed to the late and partial development of its welfare state. As in the case of Ireland, the Catholic church played a key institutional role in its origins, providing education, charity and assistance to the elderly, poor and sick. This dominant conservative attitude linked to the idea of charity was a central concept in the Catholic church (Cotarelo, 1987). It was not until the beginning of the 20th century that proposals for social reform were incorporated into the conception of the modern state (Moreno and Sarasa, 1992).

Even in the early 20th century, and unlike in the rest of Europe (Moreno and Sarasa, 1992), labour movements did not have much representation in the field of public social assistance systems, although public pressure led to legal recognition of some social rights, and the establishment of some social

¹²² Calculated by dividing all consumption taxes by total household consumption expenditure.

¹²³ In the Eurostat data, the reduction in Ireland's fiscal pressure is particularly remarkable.

¹²⁴ In another piece of work, Ruiz-Huerta (2019), using SILC data, carried out a comparison of Reynolds-Smolensky indexes for 7 European countries to see the redistributive effect of personal income tax and social contributions. Spain and France were the countries with the lowest redistributive effect in 2008 as well as in 2016 (the two years that were analysed).

¹²⁵ Since the 1980s, the decentralisation of part of the Personal Income Tax and some state taxes, such as the Wealth Tax or Inheritance and Gifts Taxes, has sparked a process of tax competition between different Autonomous Communities (the main administrative division in Spain), who compete to attract tax bases from other territories. The result of that process has been a progressive drop in tax revenue and a tendency towards the effective disappearance of some of these taxes (Ruiz-Huerta, 2015).

insurance instruments.¹²⁶ However, these were only fragmented benefits and any efforts to build an integrated system of social protection were finally halted with the dictatorship of Primo de Rivera (1923-1930) and the following period of 'soft dictatorship' (1930-31), as it was called.

The proclamation of the Second Spanish Republic in 1931 and its constitution, approved that same year, opened up the possibility for change, both in the field of the recognition of individual rights¹²⁷ and in the incorporation and development of social rights and the services and benefits of an early welfare state. In this time, the project for a compulsory insurance system (excluding unemployment insurance) was reinstated, and new laws were enacted, including divorce law and laws to distribute power among territories (the statutes of Catalonia, Basque Country, and Galicia) and agrarian reform law, all of which sparked serious social conflicts and contributed to the 1936-1939 Spanish civil war.

While limited provision was introduced for some workers between 1939 and 1963, this was more minimal, partial and fragmentary than its equivalent in other European countries. In 1963, a minimum wage was established for the first time, and the Social Security Act was promulgated, with universalist claims. Another set of reforms were approved by the Francoist governments, both in the field of social insurance and in other welfare state services, such as education or healthcare. However, these were partial and fragmentary and the resources were scarce when compared to their European equivalents.

It was not until the transition to democracy and the approval of the 1978 constitution that Spain started to build what could be referred to as a proper welfare state. The constitution ratified individual and social rights, recognised the autonomous communities (ACs) and created a new map of distribution of power between central administration and autonomous governments. The extension of constitutional principles through a wide range of legislation allowed the construction of a welfare state similar to those in other European countries. This late consolidation process helps explain the differences still apparent today between the Spanish and other European welfare states.

The Spanish case is often included, along with other Mediterranean states, in what Ferrera (1996) has called the southern model of welfare, following Esping-Andersen's classic typology of welfare capitalism (1990). In contrast, Ireland and the United Kingdom are traditional liberal welfare models, while Sweden fits into the social democratic model. Several authors, however, avoid such a clear-cut differentiation, claiming that, although Spain shares the late development of social protection systems with other southern European countries, Spain's welfare state has developed several traits that fit better into other models (Del Pino, 2020). The Spanish welfare model can be defined by more limited public expenditure in relation to GDP and a lower level of public revenues; a contributory and pay-as-you-go pension system; the importance of the family as a welfare provider; and universal, free education and healthcare services decentralised and managed by the autonomous communities. Thus, as Del Pino (2020) has argued:

The Spanish welfare system has combined within it three different logics for welfare protection: universal healthcare, education, and to some extent long-term care have become social democratic; income maintenance policies (contributory pensions and unemployment benefits) have remained corporatist; and social services and social assistance have become liberal or

¹²⁶ For example, the Labour Accident Law in 1900, Obligatory Worker Retirement in 1919, Central Maritime Credit Fund in 1919, and Statute of Passive Classes in 1926.

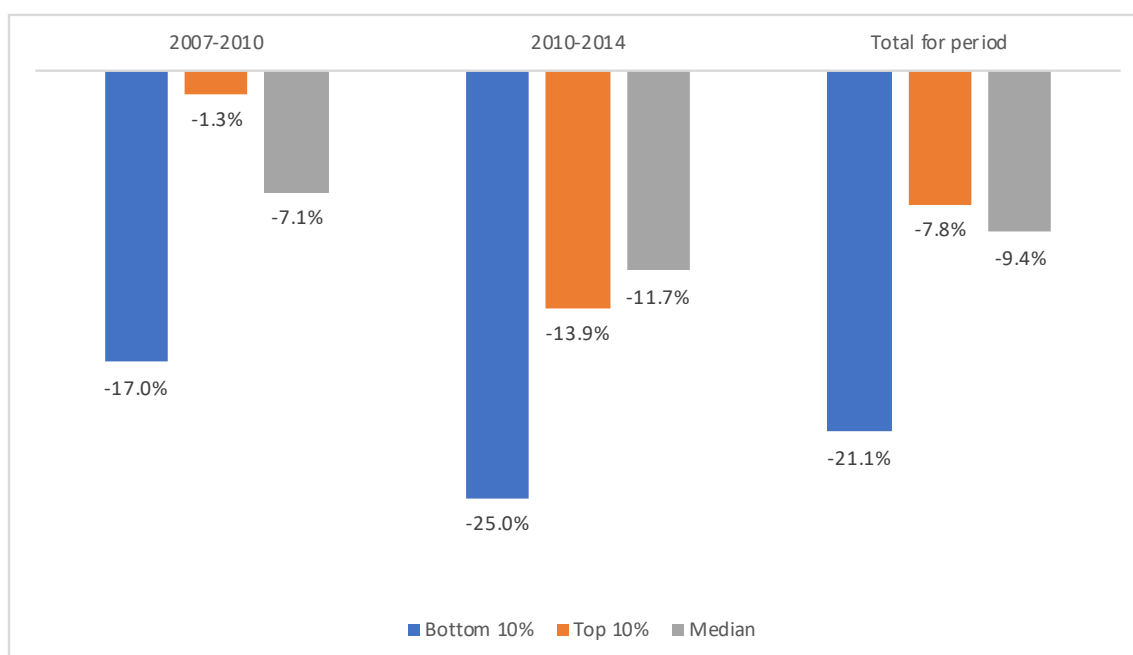
¹²⁷ The 1931 Constitution was the first to raise the principle of equality between men and women. Article 36 established the right to vote independently of gender and article 53 entitled both men and women to be elected as representatives. Among other legislation, divorce law and civil marriage laws were enacted in 1932.

means-tested.

Despite this complexity, worrying trends existed even before the Great Recession and still persist today: the ongoing problem of unemployment and low-wage employment; the difficulty for possible expansionary cycles to substantially alter the wage structure; inertia in inequalities related to capital income; and the limits of the social benefits system to moderate inequality of primary incomes (which are the basic features of Spain's distributive model). Without changes in the main redistributive instruments, it was unlikely that, even in a favourable economic cycle, the notable distance between Spain's inequality indicators and those of neighbouring countries would be reduced. The new economic crisis sparked by the Covid-19 pandemic has therefore hit Spain in the midst of a recovery from the previous crisis that has failed to undertake necessary welfare reforms, increasing the risk of further uneven distribution of the effects of the economic downturn.

The top 10% were not unaffected by the 2007/8 crisis. Indeed, as OECD (2016) data shows, while they fared quite well between 2007 and 2010, their real disposable income dropped by 13.9% in the crisis' second downturn between 2010 and 2014.¹²⁸ It is clear, however, that this drop has not been as hard as the one suffered by lower deciles (for the period between 2007 and 2014, the top 10% had a 7.8% drop in real disposable income, while the bottom 10% had a 21.1% drop and the median, a 9.4% drop [figure 1]), and that recovery for the top 10% in the following years was faster.

Figure 1: Cumulative change in real disposable income in Spain



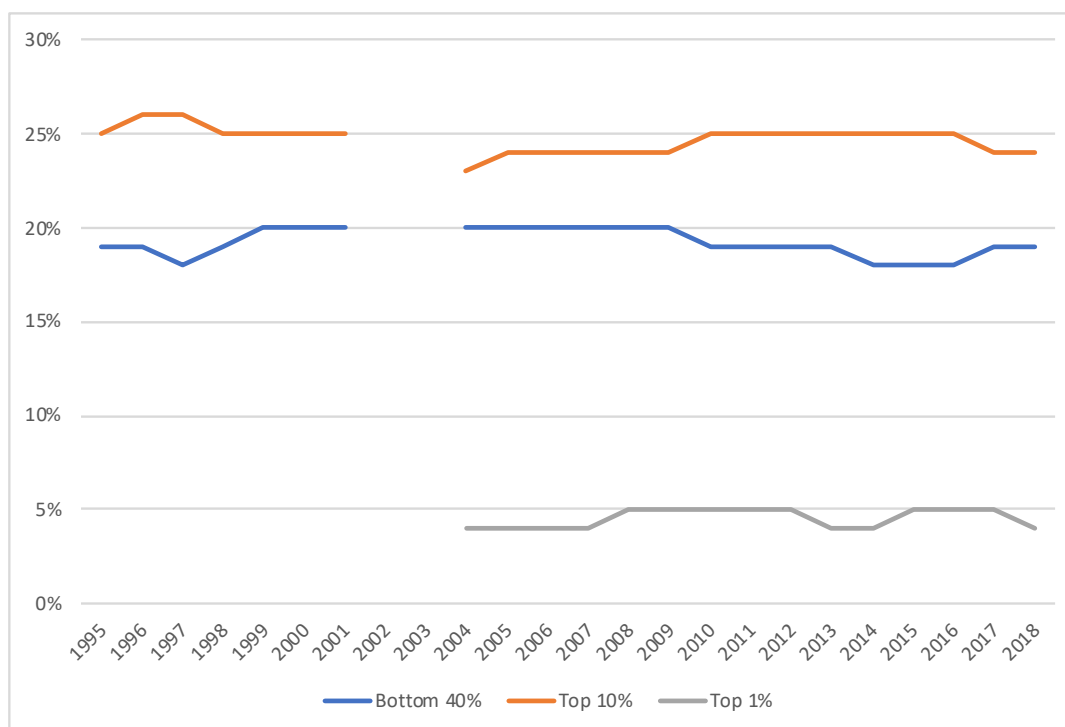
Source: OECD, 2007-2014.

Historically, the top 10% in Spain has had a relatively stable share of the national income (more so than in the other three countries in the study). However, as figure 2 shows, since the beginning of the 2007/8 financial crisis, there has been a clear widening of the gap between the top 10% and the rest. Given this evolution in their economic levels, it might be assumed that those at the top of the income distribution would in fact welcome a redistributing system with a limited capacity to correct market inequalities.

¹²⁸ 'Income Distribution Database (IDD): Gini, poverty, income, Methods and Concepts' (OECD)

However, as the following sections will show, inequality has become a widespread concern and those at the top have very different perceptions, attitudes and opinions as to how it affects them and those around them.

Figure 2: Share of income by bottom 40%, top 10% and top 1% deciles between 1995 and 2018



Source: EU-SILC and ECHP surveys.

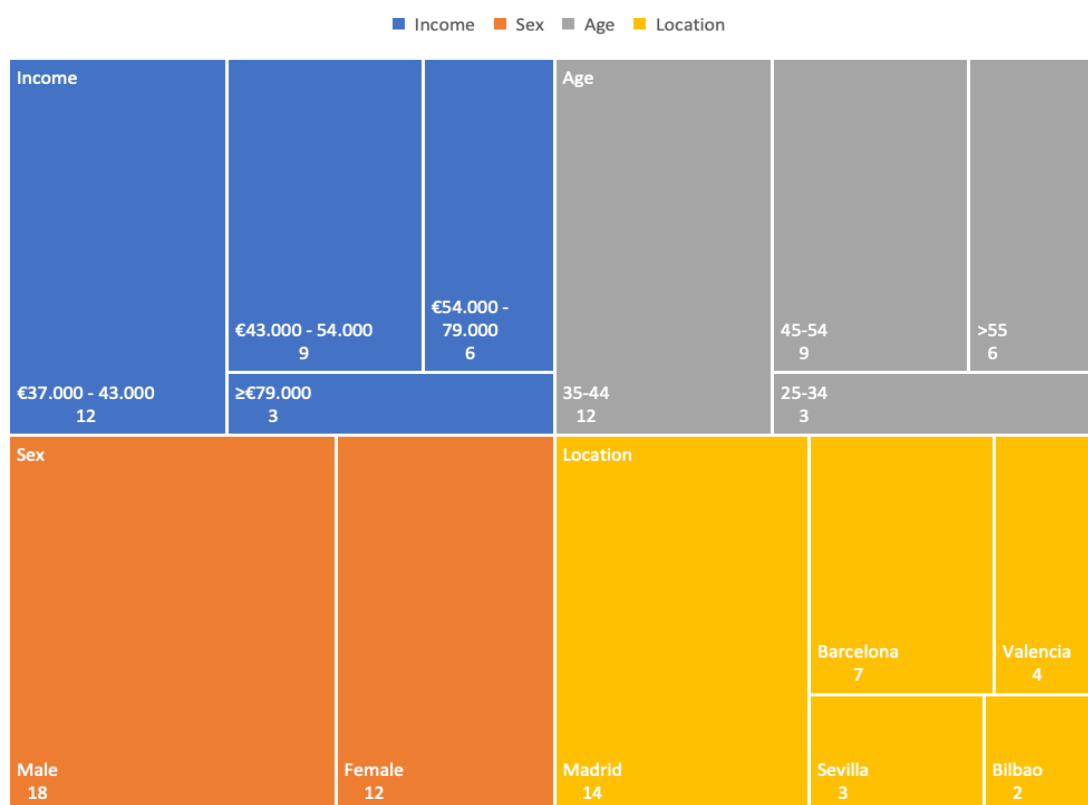
Who are the top 10% in Spain?

Socio-economic characteristics of the sample and political behaviour

Interviews were conducted with 30 respondents belonging to the top 10% in terms of income in Spain, who were recruited with the aid of a polling agency¹²⁹, according to four variables: level of income (spread across the top 10%), gender, age, and place of residence [see Figure 3]. Occupation was also used to ensure participants were recruited from different sectors and professional levels.

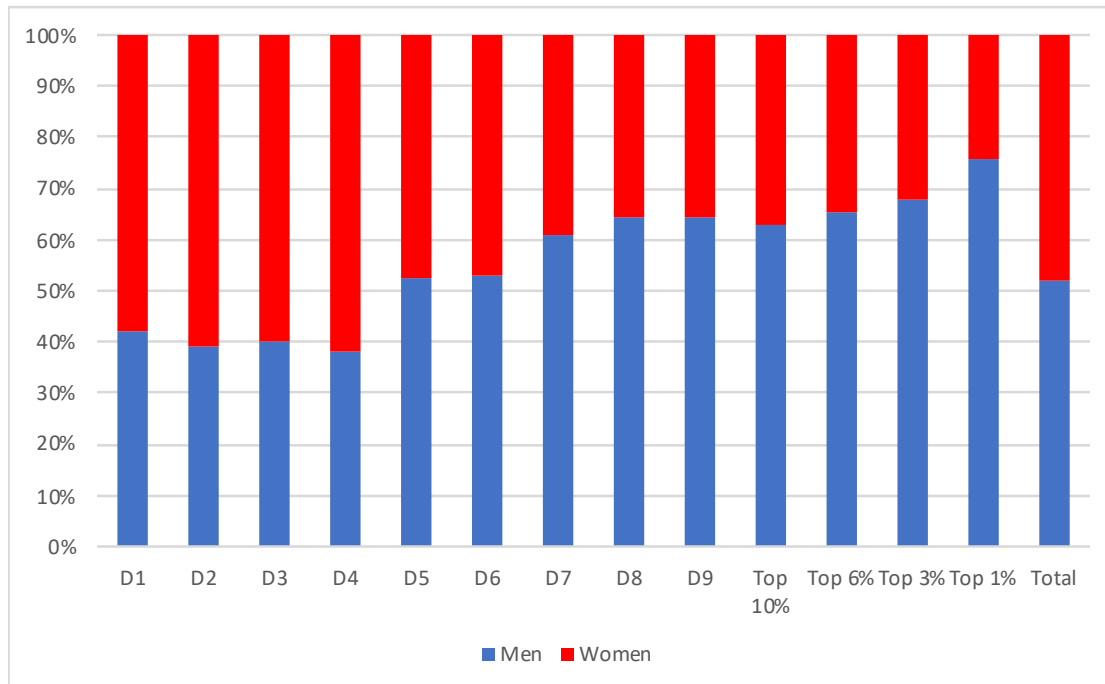
¹²⁹ The research agency 40dB assisted in the recruitment of eligible respondents as well as in the design of the interview process for the Spanish chapter.

Figure 3: Distribution of the interview sample by income, gender, age and place of residence



Secondary analysis conducted in preparation for recruiting respondents, calculated the threshold for belonging to the top 10%, using EU-SILC data, as a gross personal income of €36,265.58. Researchers subsequently divided the top 10% into four ranges: from top 10% to top 6% (up to €42,651.77), from top 6% to top 3% (up to €54,264.35), from top 3% to top 1% (up to €78,693.59) and the top 1% (above €78,693.59). Accordingly, our sample includes 12, nine, six and three individuals from each range, respectively, maintaining the proportion for each bracket and allowing us to gather data from across the whole top 10%.

With regard to the second variable, the sample includes 18 men and 12 women, which is broadly consistent with the actual gender distribution of the top decile. Men are indeed predominant within the top 10%, making up 64.4% of the top decile (while women make up 35.6%) as is the case in most of the higher deciles (INE, 2020). As shown in figure 4, women are only predominant in the lower four deciles, after which the distribution changes, with more men as an individual goes up the income ladder. This imbalance is most striking at the very top, as the top 1% comprises 76% men and 24% women.

Figure 4: Gender distribution divided by deciles

Source: EU-SILC 2016.

Additionally, respondents range in age between 31 and 62 years old, evenly distributed above and below 45 years old, which, according to the Spanish National Statistics Institute, slightly over-represents those below 45 years old (the figure for the highest decile is 37.4%) to the detriment of those above (62.5%) (INE, 2020). Lastly, in acknowledgement of the decentralised nature of the country, interviewees were targeted in five cities in the regions of Spain with the highest proportion of high-income earners (INE, 2020), namely Madrid, Barcelona, Seville, Valencia, and Bilbao.

Occupation, although not used as a deciding variable in the recruiting process, was used to ensure the sample included respondents from a range of professions and sectors. As expected, some professions are more likely to include members of the top 10% than others. For instance, 41% of those in finance and insurance can be found above the top 10% threshold, despite only accounting for 12% of the whole top 10% population. In contrast, only 15% of education professionals are found above the threshold, despite having the same proportion of members in the top 10% (INE, 2020). However, while most directors and managers will be found among the top 10%, there is also a fair share of mid-range professionals and technicians, given their higher proportion within the overall population. This means that the top 10% in Spain is a more heterogeneous group than might be expected, formed of professionals in health and education, business and administration or science and engineering at various professional levels (EU-SILC, 2016). The interview sample therefore includes businessmen and employees alike, coming from different sectors: doctors and nurses, primary school teachers, bankers and bank branch employees, public servants, lawyers, engineers, etc. Of the thirty respondents, 11 are employers, 12 are private sector employees, and seven are public sector employees. As it will be shown later, this 'nature of employment', when crossed with variables such as political preferences or attitudes towards taxes, has explanatory power of its own. That is to say, whether a respondent is a private or public sector employee, or an employer, predicts, to a certain degree, their attitudes towards economic redistribution.

In terms of the sample's educational backgrounds, 26 respondents have university degrees, while the remaining four have vocational training qualifications. The level of qualifications among the sample corresponds almost exactly with the figure – 85.4% – that the Economically Active Population Survey¹³⁰ (EAPS) gives for those in the top 10% with higher educational qualifications; unsurprisingly, by far the highest proportion in any decile (INE, 2020).

17 of the respondents are married, seven are divorced and six are single. In addition, 22 interviewees have children. Of those with children who answered the question about their education, 14 respondents educate their children in private or subsidised¹³¹ schools, while only four have opted for state-funded education.

Of the 30 interviewees, 25 own at least one property or have a mortgage; three are renters and two did not respond. While this may seem like a high proportion of home ownership, this is in the context of Spain being one of the EU countries with the highest home ownership. According to the Spanish Centre for Sociological Research (CIS, 2019a), 75.1% of Spaniards own their home or are in the process of owning it through a mortgage, while only 18.4% rent their accommodation. Among those who live in rented housing, 45% claim they do so only because of lack of income or access to credit. Considering this widespread 'culture of home ownership' and given the purchasing power of the population that was interviewed, it seems reasonable to find such a high percentage of owners.

Lastly, as was explained in the comparative chapter, wealth was not used for selecting the sample (only income). However, interviewers were able to gather data on respondents' wealth during the interviews. A total of 17 respondents (57%) have received an inheritance; six of the 13 who answered this question receive property income (46%); and out of the 17 who are married, 11 receive income from their spouse (65%).

Political behaviour

There is widespread academic consensus that those with higher incomes participate more, both in conventional and unconventional ways.¹³² Abundant empirical evidence shows that income is directly related not only to electoral participation (Rubenson *et al.*, 2007), but also other forms of participation¹³³ in political and social life (Stockemer, 2014).

In terms of political and electoral participation, the study's results are consistent with previous research. The sample shows almost full electoral participation: only two of the 30 interviewed do not vote.¹³⁴ By contrast, participation in Spanish general elections since 1977 has been 73.8% on average. Moreover, the two interviewees who admit to not voting do so as a political choice, claiming they do not agree with the system or with the political class and provide elaborate justifications for their abstention. One of

¹³⁰ 'Economically Active Population Survey' (National Statistics Institute)

¹³¹ In Spain, some traditionally private schools (most of them linked to the Catholic church) have been supported by the government since 1983 because of their difficulties covering costs.

¹³² Authors usually make a fundamental distinction between two types of political participation: conventional and non-conventional (Kaase & Marsh, 1979). Conventional participation is that which is channelled through traditional political actors and procedures (political parties, trade unions, elections or NGOs). Non-conventional participation includes those beyond the electoral process and political system, such as boycotting specific products, signing petitions, sharing political content online, or taking part in demonstrations and other forms of protest. Although the latter is more diffuse and difficult to measure, "unconventional participation has become normal since the 1970s in post-industrial societies" (Inglehart and Catterberg, 2002).

¹³³ Individuals with higher incomes tend to engage more, for instance with NGOs, especially through donations. There are other forms of political participation, however, in which this relationship with income is less evident, such as unionisation (which is instead influenced by industry).

¹³⁴ Studies on participation also show, however, that there is a social desirability bias that might make electoral participation more recognised than it actually is.

these respondents, Raúl, a 40-year-old sales manager at a training company for civil servants in Seville, tells us:

Politicians should be accountable to citizens, in a similar way to the functioning of the private sector, and be closer to the people. Until this happens, until things are done right and efficient policies are implemented, I will not vote.

Those who do vote say that they always do so, and do not give explanations for it when asked, nor do they seek justification. Their attitude when talking about this issue shows they see it as normal behaviour and do not consider abstaining.

However, while a majority of respondents vote, they do not vote in the same way. According to most authors, the party system in Spain is characterised by a traditional left-right economic axis, which almost completely splits party positions on all political issues at the national level (Equipo Piedras de Papel, 2015; Rico, 2009). Respondents show as much heterogeneity as the rest of the population in terms of party identification, voting memory, voting intention or ideological position on the left-right axis. Respondents mention all the major national parties¹³⁵ (as well as some of the sub-national Catalan, Valencian, and Basque parties¹³⁶) when answering questions about which party they support and who they voted for in the last election. Additionally, their responses to being asked to position themselves on an ideological scale (one most to the left, ten most to the right), reflect those of the general population, with an average of close to five and a concentration of most cases around the centre.

Almost a third of respondents have voted for Ciudadanos; a social-liberal party born in 2006 that has tried to embrace the political centre-right. At the time of the interviews (February and March 2019), the party had placed itself in a block of Spanish right-wing parties (together with PP and, though not directly, VOX), with a strong anti-Catalanist stance on the issue of secession. In a 2019 CIS survey, Spaniards placed this party at seven on the ideological scale. At the time the interviews for this study were conducted, Ciudadanos was the most popular party among those with the highest incomes (CIS, 2019b). Therefore it is not surprising that the preference within the sample does not reflect the lower results obtained by the party in the April 2019 elections (two months after the interviews took place), where it only managed to gather 15.86% of the vote (which made it the third political party in terms of votes, with only half the votes of the Socialist Party).¹³⁷

All respondents who work in the public sector (with just one exception) vote for left-wing parties. Occupational status – in terms of being an employer or public or private sector employee – seems to be the dominant factor determining respondents' political preferences. As mentioned previously, civil servants show more favourable attitudes to left-wing parties, while business owners and private sector employees have preferences closer to liberal economic thinking and to the right in general.

¹³⁵ The four main national parties were, in order of representation in the Parliament at the time of the interviews: the Spanish Socialist Workers' Party (PSOE), who was in government at the time; the Popular Party (PP), the traditional right-wing party and the main party in opposition, who had been ousted from government after several corruption scandals; Unidas Podemos, a left-wing party founded in 2014 in the spirit of the Indignados movement; and Ciudadanos, a liberal party who, at the time, was aiming to take control of the centre-right. Additionally, Vox, a far-right party that had gained momentum in the Andalusian local elections in December 2018, entered into the national Parliament with 24 seats, two months after the interviews took place.

¹³⁶ Respondents mentioned Esquerra Republicana de Catalunya (ERC), a left-wing Catalan pro-independence party, Junts per Catalunya (JxCat), its right-wing counterpart and coalition partner in the Catalan government, the Basque Nationalist Party (PNV) and Compromís, a Valencianist left-wing party.

¹³⁷ After refusing to negotiate support for a Socialist government until the very end of the legislature, which resulted in a hung parliament, Ciudadanos lost over two and a half million votes and 47 seats in the next election, which took place in November 2019, gathering only 6.79% of the vote.

Investigating social mobility and economic security in Spain

Parental background and social mobility success

The sample stands out for its heterogeneity in terms of parental occupation. In some cases, respondents' parents have or had occupations that can be linked to a low socio-economic profile or a low qualification level. Such is the case for a public health nurse, whose parents were a housewife and a bus driver; a high-ranking city police official, whose father was a construction worker and his mother a cleaner; a businesswoman, daughter of a 'hospital attendant and housewife'; and a bank clerk, son of a 'housewife and an electrician in a garage.'

All in all, using their parents' occupations as an indicator of socio-economic background, the sample can be segmented into three groups: those who come from the working class; those from the middle class; and those from privileged families. The first group is significant: at least a third of interviewees claim to come from what can be considered working-class families, while only seven come from families at the top of the income distribution, at least in occupational terms. Such are the cases of a bank manager whose father had two companies and her mother one; a primary school teacher, whose father was a chemist and her mother a doctor; a lawyer, whose father was a company director, while his mother worked in banking; and an engineer, whose father worked at the international relations department of a bank and whose mother is a professor.

This heterogeneity in terms of family origin seems to be in line with what researchers know about intergenerational mobility in Spain. In a 2016 study of 24 countries, Spain was placed in the middle, with approximately 40% of parental income inequality transferred to children (Corak, 2016). Within Europe, however, Spain and Italy are the countries with the least social mobility (Antonova *et al.*, 2015), though others put Spain at a similar level to France (and higher than Italy). When analysing the reasons for this position, Cervini-Plá (2015) points to three factors:

Children leave the parental home at a very late age, which reinforces the influence of parents on children. Furthermore, there is strong persistence in occupations and many jobs are filled through social referral. Finally, although education is an important factor for explaining the high persistence of income in Spain, we observe some elements in the Spanish education system that promote some degree of intergenerational mobility and perhaps explain why we observe more intergenerational mobility in Spain than in Italy.

The study's results reflect at least a moderate degree of intergenerational mobility within the sample, which indicates that the Spanish economic and social system has generated a certain degree of upward mobility over the last few decades. Those who do see a difference between their quality of life and that of their parents, make reference to certain systemic factors influencing these changes, such as the growth of the Spanish economy in recent decades and the expansion of higher education. Ana, a 34-year-old nurse working in a public hospital, comments: "[t]he most important difference between us and our parents has been that we have had greater access to education." Similarly, María, a 39-year-old engineer working as a project manager in the automotive industry, says "[w]e've had opportunities that our parents did not have." Indeed, Cervini-Plá points out that the extension of the Spanish education system and the fact that it is fully comprehensive up to the age of 16 have facilitated this intergenerational mobility, particularly for those children 'born into richer families' (2015:824).

It should be noted, however, that the generation to which the interviewees belong (from 31 to 62 years old) is the most likely to have experienced this upward intergenerational mobility, due, to a great extent, to the economic growth linked to Spain's transition to democracy in the late 1970s (Rodríguez Menés, 1993). Studies show that this upward mobility between generations is no longer taking place at such a high rate, and even less so within the same generation. Indeed, in a study of intragenerational mobility in Spain between 2004 and 2014, Bárcena and Moro show that "after the [2007/8 financial] crisis, it seems that income increases are less frequent and even less so those that entail great gains," with an increasing appearance, as in other European countries, of decreases in income and less frequent income gains (2018:180).

This idea of a lack of upward intragenerational mobility seems to have permeated into society recently. In the last Survey on the Perception of Economic Inequalities in Spain (FUNCAS, 2019) two out of three (66.1%) Spaniards either disagree or strongly disagree with the statement: "In Spain, there is equality of opportunities to progress in life." In turn, only 15.1% of the respondents agree or strongly agree with it.

The respondents were asked about their views on opportunities for social mobility, both for themselves and others. They were asked to give their views on the following statement: "If you work hard, you will succeed [in Spain]." Their responses divide them into three distinct groups. The first perceive hard work as a guarantee of (or at least a necessary condition for) success. Such is the view of Enrique, a 43-year-old businessman, who claims that "[i]f you work hard and your peer doesn't, you'll be successful and your peer won't." Along the same lines, Pablo, a 49-year-old bank branch manager, assures his interviewer that "[i]n Spain, if you do your job well, you are going to earn money."

In contrast, a second group believes hard work is important, but that other factors play a role in achieving a good standard of living. In the opinion of Alejandro, a 58-year-old entrepreneur in the textile industry, social status is paramount: "[I] am successful if I work hard because I'm an entrepreneur, but an operator is not going to earn more, no matter how hard he works." This 60-year-old business manager feels that: "[t]here's a part that's hard work, but opportunities or intelligence are other factors that have to be taken into account." Jorge, a 37-year-old businessman, while agreeing with the statement in principle, believes that "[y]ou have to work harder in Spain than in other countries."

A third group comprised those sceptical of the influence of hard work on social mobility. "The rigidity of the market itself means that you can work hard but find yourself without the possibility of promotion," explains 56-year-old Fernando, head of training for a restaurant chain. Widespread precarity in the job market is frequently discussed by many, even Isabel, a 62-year-old doctor in the public sector, who tells us: "[o]ne can work hard yet still receive the same salary; people work more hours than they should. Employment is precarised."

Nepotism also emerges in interviews as a determining factor in who gets to 'go up' in the Spanish 'social lift.' It is frequently raised in relation to social mobility, with many references to 'having good contacts' and coming from a 'good family' as the main tools for succeeding in the labour market. What is more, interviewees often imply that this is a peculiar characteristic of Spanish society. As Cristina, a 39-year-old senior nurse working in the public sector points out, "[i]n Spain your success depends on who your 'godfather' is"; or Alicia, a 39-year-old human resources consultant: "[t]here are people who, without making much of an effort, end up in a good place because they have a good network of contacts." Javier, quoted at the beginning of the chapter, sums it up well:

Spain is a very particular country, where not only hard work guarantees success. Unfortunately, you need to have many contacts [...]. If you don't have contacts, what you know and your experiences don't get valued as much [...]. In Spain there's a saying [...]: 'without a godfather you won't get married.'

In short, there seem to be two main findings on social mobility from the interviews with the top 10%. Firstly, intergenerational social mobility has taken place and some people have become high-income earners, including those coming from a lower socio-economic background. Secondly, the perception of social mobility among those with higher incomes is quite heterogeneous. Some believe that there is some measure of equality of opportunity, while others believe that this principle can never be sufficiently put into practice. However, there seems to be a consensus that nepotism – or at least having access to a good network – is a fundamental factor in social advancement in Spain and one that hinders social mobility.

Perceived economic security

During the recruitment process, interviewees were not told that they belong to the top 10%. The interview schedule was designed so that interviewees could respond to questions about their economic situation before being told their actual position on the income distribution.

Practically all of them admit that they feel comfortable in economic terms. As might be expected, none of them claim to face financial hardship. Clara, a 41-year-old engineer, admits that she has already 'solved her economic life.'

At a material level, special value is given to access to housing as a guarantee of future economic stability, which goes in line with the aforementioned widespread 'culture of home ownership' in Spain, particularly among the generations within the sample. As can be seen in figure 5 of the comparative chapter, out of the four countries, the top 10% in Spain are the most likely to already own a home, with 93% either owning it outright (64%) or with a mortgage (29%).

However, although interviewees admit to being comfortable, they are not satisfied. They acknowledge their good economic fortune because there are many in a worse position, but aspire to continue their upward trajectory. For example, Pablo, the 49-year-old bank branch manager, claims: "I can't afford luxuries, but I know there are people who are more disadvantaged." In the same vein, Juan, a 51-year-old lawyer, states: 'I have stability, but not much money.' In most cases, they have a tendency towards comparing themselves to those above, a tendency that shows up several times in the interviews and that Rachel Sherman (2017) defines as being 'upward-oriented.' This feeling seems to drive their economic aspirations: 'I aspire to more,' concludes Rafael, a 31-year-old engineer.

As discussed further on, this nuance between feeling secure and feeling satisfied may be particularly important in order to understand this group, all of which belong to the top 10% but do not necessarily feel affluent or part of an elite. Indeed, though the EU-SILC shows that only 16% of the top 10% in Spain claim to have at least some difficulty in their ability to make ends meet, their self-assessment of their own economic situation may be more related to a feeling of 'relative privilege' (Pettigrew, 2002).

Interviewees were asked whether they feel privileged. Although similar to previous questions about their economic security, speaking about privilege adds two important dimensions. The first is that it not only focuses on economics, but invites the interviewee to highlight which aspects of his or her life are

most valuable; the second is that it encourages them to compare themselves to others. Only three out of 30 respondents clearly state that they do not feel privileged.

Those who do feel privileged generally put forward three types of arguments. The most common is that they see themselves as privileged compared to the rest of society and observe that many face very tough economic circumstances: "I do feel privileged because, looking at society, I think there are many in worse situations and I think I can't complain. With my salary I have a good standard of living, but the vast majority of society [does] not" or "I am a privileged person in contrast with others who have not been so lucky and who have been as prepared or more than me, or who may have worked more, but that due to the circumstances of their life have not had so much fortune." These are examples of what Sherman (2017) calls being 'downward-oriented' – comparing yourself with someone less well-off.

By contrast, the other two arguments are not strictly economic. One centres on securing a good future for yourself and your family. Two small business owners, for instance, consider themselves privileged because they 'can give [their] children a peaceful future' or 'pay for [their] children's expenses.' The third type of argument puts value on feeling fulfilled professionally, as can be seen from the following examples: "I can work in something I like"; "I feel privileged because I do what I like and I am happy" and "I find myself in a professional environment in which I feel fulfilled, both economically and job-wise." Such discourses imply that, for many respondents, key determinants of their well-being are not strictly material, though these matters can also be related to their economic status.

While a majority of the sample does feel privileged at present, there is less consensus on their future prospects. Interviewees were asked about their immediate fears and worries and whether they feel optimistic or pessimistic about the future. Respondents generally take either one of two approaches to these questions. Individual-centred responses focus on what they imagine their own situation (or their family's) will be in the foreseeable future. Society-centred responses focus on the societal impact of their predictions. Some only speak from a personal standpoint, while others prefer to also make a diagnosis of the societal or national situation.

Those who mainly focus on their immediate surroundings generally appear to be the most optimistic. Some are worried about their employment prospects and personal economic circumstances, but, although there is diversity of opinion, most are happy with their financial position and positive about their future. However, they become more pessimistic when considering their children's futures. "I believe that my children are going to live a worse life than I have lived," says Isabel, a 62-year-old doctor: "[t]hey are not going to be able to buy a house. There are no *oposiciones* [civil service examinations] nor the possibility of obtaining a stable job. My generation did have these opportunities, but not our children's. One of my children has a job and two degrees but a very low salary." This protracted dependence of children on their parents (Spanish youth has one of the highest average ages for leaving their parental home, 29.5 years old, 4 years older than the EU-28 average)¹³⁸ was a concern expressed by Amparo, a 59-year-old woman, owner of a small translation company, who is in the top 1%:

I'm not doing badly. I'm happy; I've recovered my old customers who, after the [2007/8 financial] crisis, are finally doing better. It's not as good as it was before [...] but I'm doing fine. But I do worry that if at any given moment I start doing worse, my children depend on me. I am 52 years old. I know that if I do badly as a businesswoman and I have to close down [my business], I won't be hired by another company, at this age, no matter how many languages I speak, no matter how much experience I have.

138 'Estimated average age of young people leaving the parental household' (Eurostat)

Society-centred responses tend to be more in line with this answer, with the majority being pessimistic about Spain's future. They give diverse reasons for this view. 31-year-old Rafael argues: "[S]pain has a negative future ahead. It only thinks in the short term and that will not lead to anything good. Externally, we are not protecting our products, we are not taking advantage of belonging to the EU." Similarly, Marta, a 41-year-old primary school teacher, blames political parties for bringing about this bleak prospect for the country: "I'm pessimistic about inequality. Society is individualistic and there are parties that feed into that lack of solidarity." And finally, some even refer to the rise in inequality, such as María, the 39-year-old engineer:

I'm pessimistic about the future of Spain. I think we've followed the same route as before. Companies have squeezed those from below to gain the same benefits as before, but there has been no attempt to address what went wrong. Perhaps Spain managed to get by with that, but with no measures taken to avoid the same mistakes happening again.

Overall, the respondents seem optimistic about themselves, less so about their children, and very pessimistic about the future of Spanish society (something they share with the rest of the Spanish population).¹³⁹ The first perception is congruent with the data on ability to make ends meet in figure 1 in the comparative chapter of this report. Though many also admit that they aspire to a higher income and tend to be upward looking. When speaking of their children, they know that they have been able to provide them with a good education and opportunities and that this will help their future professional development. However, they are not sure about their children's long-term prospects and whether they will be able to guarantee them the same standard of living.

As several of the quotes indicated, there is widespread preoccupation with the future of younger generations. While the generations that this cohort belong to (the youngest respondent is 31 years old) have enjoyed good levels of upward social mobility, a weak and low-quality job market (even for those with a good level of education), raising rent prices and political instability (even before Covid-19) have all contributed to raising the alarm of many parents in the top 10%, who fear that their children do not have the same opportunities as they had. But while these concerns were on a personal level, the next section explores whether the respondents were also aware of the effect of these trends on the lower end of the income distribution: it discusses their perceptions and attitudes towards inequality and the role of public and private actors in redistribution.

Attitudes towards inequality and redistribution

The causes and consequences of inequality

María's concern with increased inequality since the Great Recession is not unfounded (as outlined at the beginning of the chapter) nor is it uncommon. Many respondents consider inequality to be one of the most important issues that the country is facing. This view is consistent with data on the rest of the population. The last Survey on Perception of Economic Inequalities in Spain found that 83.4% of Spaniards agree or strongly agree with the statement "Income differences between Spaniards are too high." Indeed, 69.7% believe that income differences are today somewhat or a lot higher than they were twenty years ago; and 55.2% believe that they will keep rising for the next twenty years (FUNCAS, 2019:2-3).

139 'España, un país pesimista de personas felices: encuesta Sigma Dos' (Gallup International)

At the beginning of the interviews, respondents were asked outright their views on inequality. Although one might expect one of those views to be that inequality is a 'necessary evil', an overwhelming majority consider it a negative phenomenon that should be addressed. This seems to be one of the only issues on which everyone agrees. "[T]he wider the gap between different classes, the worse for society" claims Pedro, a 49-year-old businessman in the construction sector. This position is also maintained by Dolores, a 50-year-old teacher, who points out that "[w]hen society works well, there is a larger middle class; when there is more inequality, things are worse." Nevertheless, most respondents doubt our capacity to do anything about it. As Marcos, a 47-year-old lawyer from Valencia, tells us: "[I] think inequality is unfair, I am not in favour of it. It is an impossible struggle, but something can be done."

But although respondents believe that inequality is negative, their views as to its causes, why it is negative, and how to tackle it, seem to become more nuanced as the interviews progress. Early in the discussion, participants are asked to comment on the statement '[t]he richer the rich, the more all of society benefits, including the poor.' One striking aspect of their responses is the tendency to refer to the rich in the third person, suggesting that nobody considers themselves to be rich. Another is that their responses are consistent with their political preference, a pattern that repeats itself in discussion of many other topics elsewhere in the interviews. More right-wing respondents, in line with a liberal understanding of the economy, agree that society benefits from the rich increasing their wealth, as this boosts consumption and job creation, contributing to a dynamic economy.

By contrast, those with a tendency towards left-wing political views, hold the opposite opinion. Their perception of the rich is that their wealth does not help reduce inequality; it may even deepen social differences. Their views on this topic are often strongly held, which proves how far removed they see themselves from 'the rich', even though many of them are well into the top 10%. Such is the case of Alicia, whose income actually places her in the top 1%: "[t]he increase in the wealth of the rich benefits the same four families, an alienated group that has nothing to do with society." Cristina, whose nurse's salary puts her in the lower part of the top 10%, holds a similar opinion: "[t]he richer you are, the less taxes you pay, the more corrupt you are and the easier it is for you to contribute less. When one thinks of inequalities, one tends to think of the problems of the poor, not of the rich."

Some go even further, pointing to the rich as the main culprits of inequality. Such is the case of Marta, the primary school teacher from Valencia, whose income is just above the top 10% threshold: "[t]he richer the rich are, the more they benefit only themselves. This is to the detriment of the poor. Nowadays, there are people who work and are poor. This did not happen before. This situation is unjust." Marcos, also in the lower part of the top 10%, agrees: "[t]he rich take advantage of inequality. The fortune of the rich comes from the misfortune of the poor. It doesn't always happen, but the chance is there. The more inequality there is, the more the rich benefit." And María, with a similar income, claims: "[i]t is [inequality] that makes them stand out and enables them to develop their wealth even more. It also makes them more powerful."

These differing views are also seen in their attitudes towards redistribution. Respondents were asked whether they believe that "those with more resources have a duty to care for those who have less." If they agreed, they were then asked: "[i]s it an issue of social justice or simply a voluntary action of benevolence and charity?" A majority believe that those with more resources *should* take care of those with fewer. Indeed, although with many caveats and nuances, most favour redistribution, a view that cuts across ideological boundaries. Such is the case for Pablo, who hesitates between voting for the conservative PP or the far-right Vox and falls within the top 3%: "[y]es, those who have the most resources

have to take care of the rest out of solidarity [...]; it is not a matter of charity, it is a matter of progressive taxes." María, who voted for the socialist PSOE, agrees: "[I] think they should take care of those who have fewer resources. It's a question of social justice, because very few are benevolent voluntarily."

Likewise, most agree that redistribution is a matter of social justice. The most common argument is that it should not be a question of whether the 'rich' want to collaborate or not, but rather it is an obligation that the state must force them to meet. This is what Juan, a supporter of the left-wing Unidas Podemos, claims:

We have to redistribute, and since [the 'rich'] are not going to do it voluntarily, we have to make them do it. It is a matter of justice, not charity. We must redistribute and create a fairer and more egalitarian society.

However, those who *a priori* agree with redistribution nevertheless tend to focus their assessment on the beneficiaries of social benefits. In other words, they are in favour of redistribution, as long as the beneficiaries use the redistributed resources properly. Clara, who positions herself slightly to the right of centre, puts it this way:

I think disadvantaged people have to be cared for if they are not able to care for themselves. But I also think all cases should be investigated. What I see, at least in Spain, is that there are many people who [...] are able to work or develop professionally, but don't want to do it and prefer living on subsidies and aid.

Alicia, in the top 1%, holds a similar view:

No one has a 'duty' towards anyone, but there is a moral and ethical component that can be carried out through redistribution. Whoever wants to donate to charity already does so; perhaps it is necessary to reinforce the redistributive mechanisms through formulas within the economic system, because if it's not imposed we already know how those who have more act. It should also be said, however, that there are people in the lower part [of the distribution] who do not want to improve, people entrenched in a system that gives them benefits. They live satisfied with what they get and that's unfair.

Other respondents, fewer in number, are more explicitly opposed to redistribution, in what resembles a classic liberal economic discourse. For instance, Rafael, who intends to vote for Vox in the next election, maintains that employment is still the best form of redistribution: "[I] believe that those who have the most have to generate jobs so that people without jobs can have a dignified life." Carlota, a 51-year-old businesswoman who votes for Ciudadanos, in turn, claims:

People have a duty to take care of themselves. I believe in giving people possibilities so that they can take care of themselves. But it's not just about giving them opportunities. Honestly, I don't think just giving them money is of any use.

What most of the accounts have in common, however, is that respondents do not speak in the first person when speaking about 'the rich'. They do not readily (or at least explicitly) identify themselves as 'the better off' – those who should be taxed more – which may be skewing their support for increased redistribution. Their opinions might be different if they had been asked questions about redistribution after they had learnt where they themselves fitted into the income distribution. The conclusion is that a majority of respondents are, in theory, in favour of redistribution, and they do so solely in terms of social justice. Others, however, seem to take a more personal standpoint, arguing, for instance, that inequality

is detrimental to their own security, and hence considering it a negative phenomenon. Lastly, there are a few respondents that, while considering that something should be done about inequality, place some of the burden on the recipients of policies tackling inequality, claiming that they overly benefit from this help, and should instead respond by actively trying to get out of the situations they are in.

Answers to these questions also hint at a widespread lack of confidence in the capacity of the state to appropriately manage its budget. Some interviewees are in favour of redistribution, but flag their distrust of an appropriate management of public resources and point to political corruption as a disincentive for state-driven income transfer between different socio-economic groups in the population. At several points in the interview, respondents show negative attitudes towards politics and institutions, citing corruption, political cronyism and nepotism as their main concerns (although this did not translate into electoral abstention). Several also feel that politicians do not represent society's interests but their own and are not able to reach consensus between themselves. These concerns, however, contrast with the huge responsibility they put on public institutions when it comes to reducing income differences and promoting redistribution.

Addressing inequality: who should do something about it?

Despite notable differences in their views on redistribution, all interviewees think the state should be the main institution responsible for addressing inequality – an opinion widely shared among the rest of the population. 80.4% of respondents in FUNCAS' survey on the perceptions of economic inequality believe or strongly believe that the state should take measures to reduce income differences (FUNCAS, 2019).¹⁴⁰

When asked about the public sector's role in addressing inequality, interviewees raise a number of different (and often contradicting) issues. Many are related to economic and fiscal policy: tax reductions, greater progressivity in taxes, less tax pressure on employers, increasing taxes for the richest, and tackling tax evasion by large corporations. Others are instead focused on broader public policy, such as investing more in education, reinforcing labour rights, increasing benefits or assistance for the self-employed, promoting state intervention in the housing market, guaranteeing basic public services, increasing the state budget through public investment, eradicating political corruption, and encouraging good-quality employment.

The responses to this question make clear again that interviewees believe that inequality must be reduced and, again, views of left and right-wing voters differ. Left-wing voters believe that public institutions should concentrate on securing public services and increasing fiscal pressure progressively. María, who voted for the PSOE, argues: "[I] believe that the government does have a role to play in economic inequality. It must harden the policy of taxing the richest." Likewise, Marta, who also votes for the socialists, claims: "[the government] must promote the public sector. Public services don't have to be profitable, they have to be efficient. The philosophy of public services doesn't have to be to earn money but to be good services."

In contrast, such respondents claim that the private sector creates, perpetuates, and is even invested in maintaining inequality; a view that runs parallel to their opinion of the rich. These interviewees have a very negative image of big corporations. Alonso, a 51-year-old business owner who votes for PSOE,

¹⁴⁰ The next question in the FUNCAS survey is also interesting. It asks what reasons the state has in intervening to address inequality. Of the four possible reasons given to respondents, the one most commonly considered the most important is: "out of general interest: we would all benefit from it," with 45% of those interviewed identifying it as the main reason and 24.9% as the second best. Behind those 19.5% choose "because we have to help those with the most difficulties," 18.2% choose "out of a sense of justice" and 17.3% choose "because we should put limits on the powerful of any type."

puts it this way: "[t]he private sector is very much to blame for inequality because it generates these differences. They are largely to blame because they are not interested in reducing inequality." Juan, a Unidas Podemos voter, shares this view: "[t]he private sector] does not have an incentive to reduce inequality. Companies like Endesa or Inditex¹⁴¹ earn so much money because they benefit from having cheap wages and pay workers badly."

Those respondents who are more to the right on the ideological scale call for the state to prioritise different measures, albeit sharing the aim of reducing inequality. They feel that public institutions should concentrate on facilitating job creation, together with easing fiscal pressure on employers. In the view of 41-year-old Clara:

The state is supposed to ensure that there is no poverty, that there is as much equality among the population as possible. But always within limits and margins. It can't get involved in everything that leads to that equality. It has to look after the most disadvantaged, but it can't get into someone else's house [alluding to tax collection] either.

Pablo, hesitant about voting for PP or Vox, calls for tax reductions as an egalitarian mechanism:

The government has the greatest responsibility. It is the government that manages the state's economy and it is the government that has to move the economy forward. In this sense, the most important thing is to reduce taxes.

Unsurprisingly, these are also respondents with a more favourable opinion of the private sector. However, few portray it as an alternative provider of egalitarian policies. In fact, a minority exempt the private sector from any responsibility in reducing inequality, pointing out their already important role as job creators: "[t]he private sector is a very important engine in society because the generation of work and wealth depends on it. The private sector empowers countries and creates wealth for all," claims Pablo. Likewise, Alejandro, who votes for Ciudadanos, claims: "[s]ociety benefits when companies are created. Although entrepreneurs take risks, if they do well they can make a lot of money. Businesses should be taxed less to create jobs." Even from this position, however, many admit that creating jobs is not the private sector's only role; it also has to guarantee decent working conditions. Amparo, who hesitates between voting for Ciudadanos or PP, raises this issue:

I believe there has to be much more exhaustive control and much harsher penalties for businesses that abuse their workers, that make contracts for two hours or one or three days, who hire and fire someone twice on the same day, etc. That shouldn't happen. There has to be much more exhaustive control. I believe that in Spain there is a great lack of control. And there is a clear abuse of workers by employers who do it without any hesitation.

"What private companies must do is pay better salaries and guarantee better conditions for their workers," sums up Javier, who, despite voting for the left-wing Catalanist party ERC, believes the private sector has a limited role in relation to inequality.

Lastly, the sample showed in-depth knowledge on most topics covered in the interview — with the exception of universal basic income. Most do not know what it is, which may be explained by it never

141 These are two of Spain's biggest multinational corporations.

having occupied a prominent position on the Spanish political agenda until recently.¹⁴² Others, who responded more fully, showed little knowledge of it as a policy option. Notwithstanding, more than a third of the sample were well-informed about the subject.

While political beliefs do influence responses, respondents almost unanimously reject the concept citing that the state would not be able to finance it; that it was unfair – because some of its recipients would not need it; and, most commonly, because it would discourage paid employment. A minority would support some form of means-tested basic income.

Despite these differences of opinion, there is another common thread in how respondents approach the issue of redistribution. Just as none of the interviewees consider themselves part of 'the better off', they also do not include themselves, at least explicitly, as beneficiaries of redistributive policies. This, as will be explored in the next section, may have to do with the use this group makes of public services, and is telling of their relationship with the welfare state.

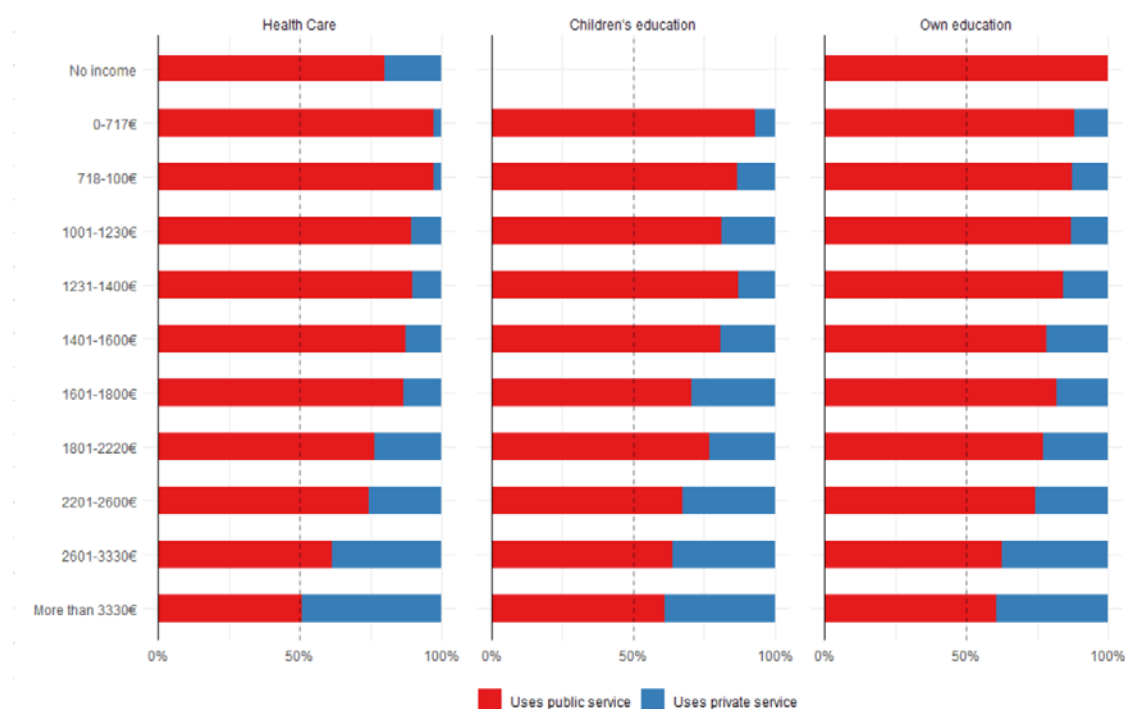
Attitudes towards the welfare state

Use and evaluation of the welfare state

At different points of the interview, respondents were asked about their use of public services. The Survey on Public Opinion and Fiscal Policy, published every year by the Centre for Sociological Research, has shown that the use of these services tends to decrease as an individual goes up the distribution ladder while the use of private providers increases (2019b) [figure 5]. When respondents were asked about their use of several basic services, almost all of them had used at least one private provider of healthcare, education and pensions at some point. Only three respondents have used the public sector for all three. Education is the one service in which most tend to opt for the private sector, as expected, given the widespread use of private and subsidised schools in Spain (Consejo Escolar del Estado, 2019:97). Of the 18 respondents who spoke about their children's education, only four had opted to send their children to public schools for their entire education (including higher education). Their own education had also been predominantly private, with just one third having attended only state-funded institutions. With respect to healthcare, a majority have private health insurance (18 out of 30), either by choice or because it is linked to their employment. Finally, pension plans seem to be less widespread, as only seven interviewees told us they have one, though the proportion is still higher than that of the Spanish population on average (16.2%) (Observatorio Inverco, 2019).

¹⁴² The Government approved a national minimum guaranteed income in May 2020, after concerns with the rising level of population at risk of poverty as a consequence of the pandemic's effects on the economy. While not a universal basic income, it has sparked greater interest in the measure and public and political conversation around different designs of basic incomes has increased.

Figure 5: Use of public or private education and healthcare services by monthly income bracket



Source: CIS, 2019.

Despite a lower use of public services by this population, the main takeaway from the interviews is that there is clear and almost unanimous support for the Spanish welfare state. Everyone interviewed is in favour of the existence of public services and a welfare system. No opinion contrary to public ownership of these services has been found, which, for a group that predominantly uses private services, is remarkable.

Take, for instance, conservative voter Pablo, who uses private healthcare, has a private pension plan, educates his children privately (and was privately educated himself):

It's a great privilege to have social security, we're very lucky. I think social security should be for everyone. We all have to have good care. However, there also has to be freedom to choose the kind of education you want. There is quality in public, private, and subsidised education.

Even those respondents with liberal economic discourses who lean to the right are not in favour of cutting back or privatising the Spanish welfare state, such as David, a 53-year-old businessman who votes for Ciudadanos: "[p]ublic services should be strengthened. They must be managed better, a lot of money is stolen [...] but public services must be for everyone." Similarly, Antonio, a 60-year-old manager of a telecommunications company, feels that:

We have better public services than we deserve, people perceive it and value it. Everything can be improved, as always. What happens is that, in order to be able to value them, we have to compare it with something else. So, I think that people are not aware that if you go to countries around us, many of the public services in those other countries are worse than the ones we criticise here.

Several interviewees even point to public services in Spain, as compared to other countries, as something to be proud of and feel privileged to have, such as Amparo, who has voted for PP and for Ciudadanos:

I believe that in Spain we have a very good thing: the social security and care system. I think it's something that many countries don't enjoy. In the United States, for example, it's horrible to get sick [...] because every time you go to the doctor you pay €80 for a consultation, so people never get sick.

However, other accounts — generally from those on the left of the political spectrum — are less contented with the current state of public provision. Progressive interviewees also view public services as positive, but are much more critical of recent developments in the welfare state. In contrast with more conservative voters who imply that public services should be seen as a privilege (and even something for which Spanish citizens should feel gratitude), left-wing voters are more sensitive to the cuts that these services have suffered since the 2007/8 financial crisis and describe them as something fragile that must be defended. Cristina, the 39-year-old nurse from Barcelona, who voted for the Socialist Party, represents this view:

Health and education are the fundamental pillars for the growth of a country. I believe public services should be universal, at least education and healthcare. But I see public services getting worse and worse, all the cuts have been made in public services. You can see it in healthcare and education. I can see that there are small changes that affect the workers and you can see it in the quality of the services.

Seven out of 30 interviewees are concerned not only by the budget cuts but also by the growing privatisation of public services. They believe that basic universal public services should not be privatised and that, in cases where they have been, they have deteriorated. As Alejandro, a Ciudadanos voter, puts it:

We used to have better healthcare, everyone used to be cared for, but today quality has dropped. Health has been corrupted. Everything is being privatised and I think it's bad, I'm very much against privatisation.

Lastly, this drop in the quality of the services is also often associated with perceptions of mismanagement of public money and corruption. Many interviewees reiterate that the main problem with the public sector in Spain is political corruption and mismanagement of public money.

These arguments are used by respondents to justify using private services and show that not all those opting out of public services do so solely out of preference. The inherent contradiction of defending public services but using private ones is partially explained as a matter of practicality rather than conviction.¹⁴³ Javier, as mentioned in the beginning of the chapter, is an example of someone taking this position:

I am in favour of public services, but there should be more investment, especially in healthcare, as investment has fallen a great deal. After the [2007/8 economic] crisis, the public health system worsened considerably. It was one of the best in the world, now it has huge waiting lists, people who don't receive care when they need it [...]. Those of us who can afford private insurance are very lucky because the public health system is in a very bad state.

It is likely that opinions on all these issues have been shaken up since March 2020, when the Covid-19

¹⁴³ Many opt for private healthcare to avoid long waiting lists or to access certain services, but most use it as a complement to universal public healthcare. The latter being used predominantly in the case of serious illness and intervention. CIS (2019b) shows that, among the top 10%, over half make at least occasional use of private healthcare.

pandemic hit Spain and put public services, particularly healthcare, in a critical condition. The country has been one of the most affected in the world, and what was often coined 'the best healthcare in the world' has proved to be, in fact, less than exemplary, evidencing the difference between 'the best' and 'the most efficient.' But while public healthcare has been fervently defended, prompting renovated support for the extension of the welfare state in other areas of provision (basic or minimum income, elderly care homes, housing, etc.), it is still too soon to tell whether there will be significant change. As seen in our interviews, support for the existence of the welfare state is widespread even among those who make the least direct use of public services, but beyond that, there is likely to be little consensus over how to bring about better services. And with public expenditure already increasing in order to cope with the many demands of the pandemic and its consequences, the issue of how the need to raise public revenue will affect existing and new types of taxes is likely to become particularly contentious.

Financing the welfare state: attitudes towards taxes

Interviewees were asked about their views on each of the following: personal income tax (*Impuesto sobre la Renta de las Personas Físicas, IRPF*); property tax (*Impuesto sobre Bienes Inmuebles, IBI*); value added tax (*Impuesto sobre el Valor Añadido, IVA*); corporate tax; inheritance tax and wealth tax. Some respondents claim not to hold strong views on certain taxes or to have never thought about them until asked, while a small minority admit they do not know how certain taxes work.

A majority of interviewees believe personal income tax is fair and agree it should be maintained, although sometimes they demand greater progressivity and more taxation for higher incomes. 51-year-old businesswoman Carlota, who voted for Ciudadanos, holds this view: "Income tax is an appropriate tax. That being said, of course the issue is to see what income brackets we are talking about. I think we should have a little proportionality [...] and I reiterate that the very wealthy classes or those who have greater incomes have to pay a lot." Javier presents a similar opinion: "I agree with personal income tax, even though I have to pay a little more for being self-employed. If I'm lucky enough to earn a little more than others, I'm not going to complain about contributing a little more." The same goes for 41-year-old Clara: "it is positive that part of your income is distributed appropriately according to the needs of society."

This consensus over personal income tax, however, is not translated into attitudes towards other kinds of taxes. Some generate a more 'partisan' split. Such is the case for corporate income tax, which produces two standpoints congruent with the ideology of the interviewees. The first, more interventionist one, demands that companies have to pay more taxes because they must contribute more to the sustainability of public services and social benefits. The other more liberal stance maintains that this tax penalises companies, burdening them economically and preventing them from creating more jobs or opting to take production to other countries.

Wealth tax also divides the sample along ideological lines. Respondents in favour of the tax demand that it be increased, because those with greater fortunes should contribute the most. Others consider it double taxation, and propose it be reduced or eliminated.

Opinion about other taxes cuts along different lines, often relating directly to interviewees' experiences or those of their acquaintances. For example, there is less widespread support when it comes to reforming the property tax, although some favour it in certain circumstances, as Ciudadanos voter David explains: "[t]he IBI depends on many factors. I consider it reasonable if you live in Seville; however, in some smaller towns it is often excessive because municipalities need that income." Others, in contrast,

think it is unfair in principle and consider it double taxation, such as Alonso, who voted for the socialists: "It's unfair that you have to pay a tax for a house you have already paid taxes on when buying it, and that you have to keep paying that tax forever."

Value-added tax is also viewed negatively for a variety of reasons. Some interviewees think that it is unfair due to its regressive nature. Conversely, others criticise it for stifling company growth and limiting their ability to generate profits and create jobs. Others allude to the limited list of goods considered essential¹⁴⁴ and the subsequent need for VAT reforms, such as this manager in the car industry: "VAT should be reviewed and, in many cases, reduced. There are many basic necessities that should have a much lower tax."

No tax, however, is viewed as negatively as inheritance tax. There is almost unanimous consensus on its abolition. Almost all the interviewees, regardless of their political preferences, think that it is unfair to tax inheritance. It is probable that these opinions have been influenced by the hostility created in the Spanish media and the political arena about this issue. Parties on the right in Spain have often used the abolition of inheritance tax as a central electoral pledge, having managed to align their position with broad sectors of society, including many on the left. Furthermore, it has, in recent years, become entangled with the issue of tax competition between different autonomous communities, many of which have effectively eliminated it by fully subsidising it.

Many critics consider inheritance tax to be double taxation. Even Javier, who has shown rather progressive views during the interview: "[i]nheritance tax is out of place. Why do I have to pay an inheritance tax after my father has already paid his taxes to own a property?" Some even go further, such as David: "[t]here are taxes, such as the inheritance tax, that penalise savings and penalise people. I think [the inheritance tax] is an illegal tax." Likewise, socialist voter Alonso, who also considers it unfair and that it further accentuates inequality:

Taxing the inheritance of a person without resources or of an average family, who suddenly receives an inheritance and has to pay to collect it, seems to me unfair to the poor. The rich can assume this cost because the benefit is so great that they don't care. But for a poor person, who has been poor all his life and suddenly his parents die and he inherits a house that belongs to him and for which he cannot pay the taxes because he has no money, it seems unfair to me.

All in all, our sample's views on taxation reflect those of the wider population in that it shows diversity of opinion on uncontroversial taxes and more homogeneous views on those taxes where there is a stronger social consensus. At the point in the interview when respondents are asked their views on taxes, they still do not know their relative position in the income distribution. Most agree with the existence of more traditional taxes, yet seem unwilling to have their own taxes increased. This is in line with surveys on the perceptions of inequality in Spain (FUNCAS, 2019), which find that a large majority¹⁴⁵ believe that the state should increase social public spending in order to reduce income inequality but 69.7% disagree that raising taxes is an effective way of doing it. Additionally, if taxes had to be increased, only 45.6% would be willing to have their own taxes raised.

Respondents are indeed more likely to agree on adequately implementing existing taxes than raising them or designing new forms of taxes. This lack of efficiency is not only attributed to bad management

¹⁴⁴ In Spain, as in other countries, some basic goods and services have a reduced VAT.

¹⁴⁵ When asked about whether social public spending should be increased in order to reduce income inequality, 18.3% answered it should be increased by 'a lot', 52.7% by 'plenty', 22% by 'a little' and only 6.9% answered 'by nothing' (FUNCAS, 2019).

by fiscal authorities. As they mention throughout the interviews, several are convinced that a large portion of public revenue is lost through tax fraud and tax evasion, particularly by the richest individuals and companies. Javier expresses this feeling: "[r]ather than implementing new or different taxes, there should be more control on compliance with existing fiscal rules, because a majority of those with greater resources don't follow them, they always find a trick to pay less taxes (legally, in many cases), making use of the existing legal loopholes." Again, this shows that they do not see themselves as part of the group of the highest income earners. This perception, however, is not quite right.

Self-perception and relationship with the rest of society

Respondents spoke of 'the rich', the 'better off', the 'affluent' or 'those at the top' in the third person. While they all consider themselves to be economically secure, many admit to being affected by certain kinds of economic hardship, and they often mention others in a better position than themselves. When asked explicitly to position their income within a decile range on the income distribution, nobody places themselves as high as the top 10%. Rather, most consider themselves to be around the middle of the distribution or, in some cases, in the top third. For instance, the respondent who earns the most in our sample, 59-year-old business owner, Amparo, is in the top 1% of the income distribution, but believes herself to be in the top 25%. This misperception does not change even for those who acknowledge the decline in average living conditions for the middle class over the past few decades, as shown by this telecommunications engineer, in the top 3%: "[I] think I am in the middle class, knowing the income level of my social circle. [...] [But] years ago, those of us who were middle class used to live better than the middle class [does now]."

Hence, when respondents are told their actual position,¹⁴⁶ their general reaction is one of surprise, and, in many cases, a certain amount of frustration and disbelief. This is the response of 37-year-old senior manager, Jorge, who is part of the top 1%: "[I] am surprised and saddened to be in the top 1%. I find it worrying that there aren't more people that are earning the salary of a senior manager. I think it's because there is not a strong enough industrial fabric." Some attribute their higher than expected position to widespread tax evasion, which would lower the necessary threshold to belong to this group, such as Ángel, a high ranking manager in the banking sector who places himself in the 'upper half' of the distribution and, when finding out he is in the top 3%, replies:

[I] don't believe it. That would be from people who declare 100% of their salary, which is what I do. I declare 100% of all my profits. I think if everybody did that, if everybody who was self-employed declared their income [...] I don't think I would be in that range. I don't believe it, it's like the unemployment rate, I don't believe it either.

Despite this self-perception, most believe they interact sufficiently with people from other socio-economic levels, either at work or at a personal level. In fact several believe that there is enough interaction among different classes in Spain as a whole. When respondents are asked what effect they think their work has on society at large, public sector workers see their roles most clearly as improving the lives of others. As primary school teacher Marta explains: "[m]y work helps shape individuals who can develop in this society, more so given that it is a school with students at risk of social exclusion. In my work, I contribute daily to improving society, and that's gratifying." However, not everyone feels that their work has an effect, such as 39-year-old engineer María: "[I] do not see the effect of my work

¹⁴⁶ Respondents are asked to verify where their income sits within the top 10%, 6%, 3% and 1% thresholds thereby revealing their actual position within the top 10%.

on society, I manage projects to improve the productivity of machines and increase sales capacity, this helps the company, not society."

Other employers and private sector employees feel that they contribute to society by paying taxes. David, who owns a graphic design company, points out that they create employment: "I have a business and that brings jobs, which is very positive for society. In addition, I still pay taxes, when many companies in my sector have disappeared." Another businessman from the creative industries, Alonso, puts it thus: "My work has a very positive impact because apart from providing jobs, I have provided services that perhaps other people would not have provided." It seems this issue is more related to an interviewee's occupation than to their economic position.

When asked about their civic and political participation, most respondents refer to NGOs and charities rather than political activism. Only a third of the sample admits to having attended demonstrations in recent years, and those who do, generally tend to align the causes for which they protest with their political ideology. Those on the left are more likely to demonstrate about health and public education, feminism, or against public spending cuts. Right-wing protesters – a minority among those who vote right-wing in the sample – are mobilised to support the national integrity of Spain or protest against terrorism.

In contrast, the engagement of our sample with NGOs is very high (70%) though only three respondents dedicate their time to volunteering for social causes. Thus, the majority limit their participation to donations. As 41-year-old Clara says: "I have donated to several NGOs at different times. I'm in a good financial situation and if I can help someone in need, it's always good." Respondents donate or volunteer for a variety of causes. The main reason given is that they consider themselves privileged compared to others experiencing, for example, health issues, extreme poverty or who have been affected by conflict. However, none attribute these situations to structural causes, to inequality or redistribution of income and/or wealth. In other words, like Clara does, they assume that unjust situations exist and participate to reduce them, but do not attribute a political dimension to these injustices:

I believe that there is a certain group of people who have been affected by personal circumstances and tragedy. They are in a situation in which it's very difficult to get out. I think they need everyone's [...] collaboration to be able to give them a boost and help them get out.

These words represent the charitable motives that have led members of the top 10% to collaborate economically with NGOs – a desire to address societal needs with philanthropy, rather than redistribution. This opens an important opportunity to politically engage a group that, while desiring to tackle inequality, seems to be widely unaware of its relative privilege in relation to the rest of the population. This, however, is also telling of the fact that, despite considerable economic stability and a relatively secure future, this population does not see itself as a powerful actor in enabling the conditions for societal and political change.

Conclusion: the top 10% favour redistribution but don't see themselves as particularly affluent

Inequality is a serious problem in Spain. In comparison with the other countries included in this report, Spain shows the worst indices in terms of the Gini ratio, at-risk-of-poverty rate and AROPE. At the same time, its level of public services and revenues is lower than that of other European countries. Structural

factors in the Spanish welfare system have created a situation where the redistributive system, despite some valiant efforts, is unable to cope with the rising levels of market inequality that have hit Spain since the Great Recession.

This chapter has shown that the members of the top 10% interviewed in the Spanish sample do think of inequality as a negative phenomenon (both as an abstract concept and in terms of its increase in recent years) that has to be addressed. This group, as both the analysis of secondary sources and the information gathered in the interview process has shown, is predominantly male, middle-aged, well-educated and tends to concentrate in urban areas; however, it is more heterogeneous than may be expected, not only in terms of profession and socio-economic background but also in relation to political preferences.

These differences are also translated into the way they perceive some of the issues touched on in the interviews. While most consider themselves to be economically secure and even acknowledge their privilege, many declare they aspire to more, showing that there are cases of both upward and downward-oriented individuals among this group (Sherman, 2017). Nonetheless, most respondents feel that while their immediate needs and aspirations are met, there is greater uncertainty as to what future generations, including their own children, will face in the coming years. This uncertainty turns into widespread pessimism when discussing the future of Spain and its weakened labour market, the persistence of corruption and nepotism, distrust of politicians, and the inefficiency of public institutions, all of which hinder the prospect of social mobility and prosperity.

Nevertheless, the need to improve redistribution is seen not only in terms of how it affects respondents at a personal level. There appears to be a conviction that inequality is a pervasive problem (although there is less consensus on its causes) and that some form of redistribution is desirable in order to reduce its consequences. Public institutions are seen as the best means of doing this and as such, respondents place the main responsibility on the state to reduce income inequality. Progressive voters, however, are more likely to focus on measures such as securing public services and increasing fiscal pressure progressively, while simultaneously having less trust in private institutions to initiate progressive measures of their own accord. Alternatively, more conservative voters believe the state should better promote job creation in the private sector and ease fiscal pressure on employers — benefits that, nevertheless, should be matched by good working conditions for their employees.

This support for redistribution is surprising in a group that does not make extensive use of public services. The use of private healthcare, education and pension plans increases as an individual goes up the Spanish income distribution, as is the case in our sample. Nevertheless, there is widespread support for the Spanish welfare state and many feel that elements of it, such as healthcare, are some of the country's most positive features. Those who are more critical of the current state of public services, allude to recent budget cuts, privatisation or corruption scandals, and cite these factors in the need to defend and actively call for greater efforts to ensure the welfare state's survival.

The connection of these demands with the need to increase public revenue through taxation, however, is less evident. While respondents agree, in principle, with the existence of the most progressive taxes, such as personal income tax, they are less unanimous on corporate or wealth taxes (divided along ideological lines) and strongly reject taxes that are considered unjust, predominantly inheritance tax (though some animosity is also expressed towards property and value-added tax). Furthermore, as is the case with the rest of the population (FUNCAS, 2019), they seem unwilling to have their own taxes raised.

This does not mean respondents do not want to contribute. In fact, they all state that they pay all their taxes and many consider that to be their main contribution to society, while others condemn those who use tax evasion or fiscal engineering to avoid paying their due. They are also likely to donate to several causes through NGOs and other third sector organisations, although their social participation is rarely channelled through voluntary work or political engagement.

However, none believe they are part of the highest decile of the income distribution. This lack of knowledge of their relative position in comparison to the rest of the population is a striking result of the interview process, and one that came as a surprise even for those being interviewed. Our research shows that the top 10% are, in many aspects, not that different to Spanish society overall, either in terms of their socio-economic origin or their opinions and perceptions. Despite representing the top 10% of income earners, they do not connect with the idea of being 'affluent.' This is significant in that it implies that it is possible to gain their support for redistributive public policies. To that end, a series of recommendations have been developed in order to explore which policies may gain the most support among them (see 'Policy recommendations. Inequality and the top 10% in Europe.' (TASC, 2020)).

The top 10% in Ireland

The top 10% in Ireland

I make €100,000 a year. At the end of the third week of every month, I have nothing left. I pay for my own house, I pay my parents' mortgage; I have three kids, two step-kids, one of which is in university. And at the end of the month, there is nothing left. So, while people might look and say, 'Wow! you're on a great salary.' Yes, I am on a good salary, but I'm exactly the same as everybody else; I have got nothing left at the third week of the month.

Siobhan, a company director

Introduction

Unlike the other three countries in this report, Ireland is much smaller, younger, and more exposed to external shocks. Formally independent of the UK since 1922, Ireland has become one of the most open economies in the world, the 6th on the Heritage Foundation's Index of Economic Freedom (Heritage, 2019). Deliberately simultaneous with the UK, Ireland joined the EU in 1973. Prior to joining, its economy was dominated by the agricultural sector and heavily dependent on trade with the UK. This trade is still significant and, consequently, Ireland will suffer by far the worst effects of Brexit amongst the EU-27. Nevertheless, the investment of American IT, social media, and pharmaceutical multinationals has continued to contribute to Ireland's economy, and its GDP growth in 2019, according to the Irish Central Office of Statistics (CSO),¹⁴⁷ was 5.5%, one of the highest in the EU.

Despite the higher salaries of the top 10% in Ireland compared to the other three countries, the research suggests that this income group conveys the greatest sense of economic insecurity, primarily due to housing and living costs. The interviews revealed awareness of structural inequality, differentiation from the wealthiest 1% of the population, and a desire for the government to ensure access to high quality public services, especially education and health.

This chapter first elaborates on the economic context for income distribution and the occupational structure in Ireland and then describes the characteristics of the top 10%. The next section describes the interviews conducted with this population, and examines their attitudes towards inequality, meritocracy, welfare provision, taxation, and the role of the private sector on these issues, as well as their political and civic engagement. The chapter finishes with an analysis of the interview data and a discussion of policy implications.

Setting the context: globalisation of the Irish economy

The rise of foreign direct investment (FDI)

Before the crisis, Ireland had been dubbed the 'Celtic Tiger' (Ó'Riain, 2000; O'Higgins, 2002). The state, benefitting from political consensus, encouraged FDI and indigenous enterprise growth through tax incentives, regulation, subsidies, and access to the EU market and labour pool. Ireland's rapid transformation from one of the poorest countries in the EU to one of the fastest growing has been

¹⁴⁷ Statistics

a consequence of globalising its economy (see Jacobson, 2018; Murphy, 2006; Ó'Riain, 2014). Dublin hosts the European headquarters for hi-tech multinationals such as Facebook, Google, Dell, Apple, Intel, Microsoft, Paypal, and LinkedIn and pharmaceutical companies such as Johnson and Johnson and Pfizer. In 2019, according to the Industrial Development Agency (IDA),¹⁴⁸ multinational companies employed 245,096 people in Ireland. In a statement at the beginning of 2020, IDA Ireland CEO Martin Shanahan remarked: "Employment growth in 2019 was 6pc compared to 2.4pc nationally and IDA Ireland clients now account directly for 10.5pc of national employment" (Silicon Republic, 2020). Data from IDA and the CSO have repeatedly shown that salaries for employees in multinational companies, whether Irish or foreign-owned, are higher than those in domestic companies or the average wage. For example, the IDA reported that the average salary for multinational company employees in 2017 was €66,000 versus the national average of that year, €46,402 (Business World, 2019). The IDA also noted that foreign multinationals are responsible for generating one third of total Income Tax, Universal Social Charge (USC) and Employers' Pay Related Social Insurance (PRSI).

The reliance on multinationals and international financial flows has meant that Ireland is both particularly vulnerable to global economic instability and dependent on these flows for economic recovery. Ireland was the first Eurozone country to enter into recession after the 2008 financial crisis, but the subsequent growth in FDI contributed to restarting its economy. This investment came especially from the US (a 69% increase between 2012-2017) but also from Asia and other emerging economies.¹⁴⁹ After the crisis, the unemployment rate in Ireland eventually climbed to 14.8% in 2012 and the number of benefit claimants rose to the highest levels since the 1980s. Tridico (2013), using a crisis management index, identified Ireland as one of the seven worst performers in terms of the impact of the crisis on its labour market and its rate of economic recovery (Sweden ranked 11th, the UK 14th, Ireland 24th, and Spain last, at 28th). As a consequence of the recession and slow recovery after 2008, emigration from Ireland, as at other times in its history – most notably during the mid-19th century famine and, to a lesser extent, the late 1980s (O'Brien, 2014) – rose dramatically during the post-crash period. Between 2010-14, out-migration exceeded inward migration, often by tens of thousands. This trend stopped in 2015 and by 2017 immigration to Ireland was substantially greater than emigration (O'Connell, 2018).

Despite the reliance on FDI, the majority of jobs in Ireland are still within small and medium-sized enterprises (SMEs), which contributes to the structural foundation of income inequality. According to 2015 data, there were an estimated 254,929 SMEs, 99.8% of the non-financial businesses in the country, and 984,762 employees in SMEs, 70.5% of the overall non-financial workforce. Although the share of SMEs paralleled that of the EU-28 and the share of employees was larger by 4% than the EU average, the value added of SMEs in Ireland, 41.7%, was significantly lower than that of the EU-28, or 56.8% (European Commission, 2018:2). In contrast, the share of value added for large firms in Ireland was 58.3%, substantially higher than 43.2% in the EU.

Economic transformation and social mobility in Ireland

As a relatively new country historically dependent upon agriculture, the transformation of Ireland's economy has affected its social mobility and occupational structure. In comparison to the other three countries, these occupational changes, and by implication, job opportunities, occurred in a significantly

¹⁴⁸ IDA Ireland: Foreign Direct Investment (FDI) - Invest in Ireland

¹⁴⁹ In a 2012 blog for the World Bank, Anderson (2012) notes that "In 2009 and 2010, the two years immediately following the banking collapse, Ireland attracted three to four times more FDI proportionately than other OECD economies. These inflows were not just large in relative terms – they were equivalent to 11.7% of GDP in 2009 and 12.9% in 2010."

shorter time period. Tellingly, the proportion of parents and grandparents working in agriculture is larger compared to the other three countries. According to Eurofound's (2017a: 12) report *Social mobility in the EU*,¹⁵⁰ which uses data from the European Social Survey, 22% of parents of respondents were small employers or self-employed in agriculture, versus 9.9% in Sweden, 2.4% in the UK, and 13.8% in Spain. At the same time, Ireland has experienced one of the most significant intergenerational declines of the proportion of farmers in the EU, or a 17% decrease (*Ibid.*). In contrast, in the Eurofound report, about a third of respondents' parents in Sweden and the UK worked in skilled service occupations (34% and 36%, respectively). In Spain, the percentage of respondents' parents who were small employers, self-employed (17.7%) or in low-skill technical occupations (16.8%) was higher than in the other three countries (*Ibid.*).

Ireland's condensed trajectory of structural change in occupations is, in fact, unique in the EU – and even in comparison to other countries (e.g., Eastern Europe) that have experienced a decline in agricultural employment – as younger workers in Ireland went directly to work in services rather than in manufacturing. Rapid expansion of the high-tech and financial services sectors, as well as investment in education, has meant that the percentage of high-skilled occupations has increased.

The literature on social mobility in Ireland is not extensive and much of it dates to the period before the financial crisis. Hout (1989) documented a primary structural shift away from agriculture (Breen and Whelan, 1999). Whelan and O'Connell examined the declining share of self-employed in the workforce – from 40% in 1961 to 22% in 1991 (Whelan, 1999:135) – and the rapid expansion of middle-class professions, which rose from under 10% of total employment to 22% (O'Connell, 1999). Women have entered the labour force predominantly in low-skill professions, especially in healthcare and education. At the same time, skilled manual work has increased among men, from 12% to 17%, while employment in unskilled manual work has decreased from 21% to 13%.

Drawing on the 1994 Living in Ireland Survey, Whelan (1999) focused his analysis on opportunities for social mobility, which suggested that the heterogeneous origins of the 'service class', even professions and managers, showed substantial opportunities for upward social mobility, especially among men (*Ibid.*:156). Conversely, the working class and farmers remained, structurally, fairly stationary. Whelan concluded that "buffers against downward mobility are substantially more effective than barriers to upward mobility" (*Ibid.*:156). In other words, public benefits and income distribution have prevented declining status, whereas new forms of higher paid, more skilled employment have created opportunities for younger workers to earn more than their parents.

Economic insecurity and social divisions in an era of prosperity

The absence of a welfare state

Ireland's level of inequality, as measured by the Gini coefficient, is about average for the EU, but this is largely due to state cash transfers (Sweeney and Wilson, 2019). The National Competitiveness Council stated that in 2016, "Ireland's at-risk-of-poverty rate (16.6%) remained below the Euro area average (17.4%). Social transfers play a significant role in reducing poverty risk in Ireland; excluding social

150 Social mobility in the EU | Eurofound

transfers, the at-risk-of-poverty rate was 34.7%" (2018:24).¹⁵¹ Despite the level of cash transfers, access to education and public and private healthcare perpetuates social divisions.

Since independence, one crucial factor in these lingering social divisions has been the influence of the Catholic church on much of the public health system, social services, and education (Fahey, 1998). Critics of the church's role have focused on how religious authorities privileged doctrine and the responsibility of the family over redressing social injustices. According to Fahey: "[t]he main Catholic aim in the social services was to disseminate and safeguard the faith, not to combat social inequality or reform society. Catholic schools and hospitals reflected existing social hierarchies – there were elite schools as well as poor schools and exclusive services for the wealthy as well as broadly provided services for the less well off" (1998:203). Donoghue (1998) provides a similar analysis, describing how, after independence, the church pushed for family and community responsibility in its social teachings, which meant that the state became 'the last resort' for welfare and social service provision:

From 1922, with the establishment of the present state, the influence of the Catholic Church became even more pronounced in the provision of education, health and welfare services. The principle of subsidiarity found in Catholic social teaching held that the family had primary responsibility, followed by the local community, for providing welfare and social services. This subsidiary function, therefore, has been an important factor in voluntary activity in Ireland as, only when such avenues had been exhausted, was the state to step in and accept responsibility for such provision (1998:2-3).

Religious influence in healthcare after independence led to social insurance schemes deliberately excluding 'non-working' wives and lack of daycare and other family support services (Adshead and Millar, 2003). The state should 'only intervene as an agent of last resort' (*ibid.*:8).

Inequality and healthcare

This influence on health services, combined with politicisation of the medical profession (Wren and Connolly, 2019), have contributed to making Ireland an outlier in the EU. It is the only European country not offering universal access to primary care. As Wren and Connolly (2019) explain: "[t]he system is predominantly tax-financed (69 per cent) with out-of-pocket (OOP) payments contributing 15 per cent to overall financing and private health insurance (PHI) contributing 13 per cent in 2014" (*ibid.*:3-4).

The consequence has been the creation of a two-tier health system. Approximately 30% of the population qualifies for a medical card, which grants free access to medical services (GP and out-patient care) to lower income households (Health Service Executive (HSE), 2018). According to the Health Insurance Authority¹⁵² (2019), as of December 2019, 46% of the population has private health insurance. This percentage grew steadily throughout the post-2007/8 financial crisis period, after falling from a peak of 50.9% in 2008. During the financial crisis, the decline in household income by over 12% in nominal terms (Nolan *et al.*, 2014:4) precluded paying for rising health costs. Increases in premiums led to a rise in cancellations for private insurance (*ibid.*).

¹⁵¹ Transfers have not prevented increasing household debt to pay ordinary expenses such as utilities and rent (LaJoie, 2019). According to 2017 EU-SILC data, 41% of employed respondents claimed they were unable to save regularly, 47% of all respondents in arrears for any type of household payment in the last 12 months, were employed, and 76% of respondents who were employed and in debt stated that the burden of repayments was 'heavy' or 'somewhat heavy.' Moreover, the average interest rate on consumer debt in Ireland is one of the highest in the EU, reaching nearly 12% as of July 2018 (*ibid.*).

¹⁵² Health Insurance Authority

Inequality and education

Among the interviewees, education is widely cited as critical for life chances and correspondingly, they perceive state investment in education as the most effective and fairest measure to address social and economic disparities. Ireland's rapid economic transformation has indeed benefitted from decades of investment in education. However, investment levels did not correspond with growth rates until the 1990s, or after the policy decision to attract FDI through a competitive corporate tax rate and business-friendly tax regime. State spending on education increased from 3.1% of GNP in 1962 to 6.4% in 1989, that is, the period preceding the 'Celtic Tiger' (Ó'Gráda and O'Rourke, 1993:25). Between 2005 and 2010, before the crisis, expenditure per student rose by 33%, with a particular focus on primary and secondary level education, and an overall increase above the OECD average of 17% (OECD, 2013). This expenditure accounted for 6.1% of GNI in 2015, putting it above the EU average of 5.0% (CSO, 2017). The trend, however, reversed after the financial crisis, with both declining public spending on education as a percentage of GDP and higher enrolment of students in educational institutions (OECD, 2019d).

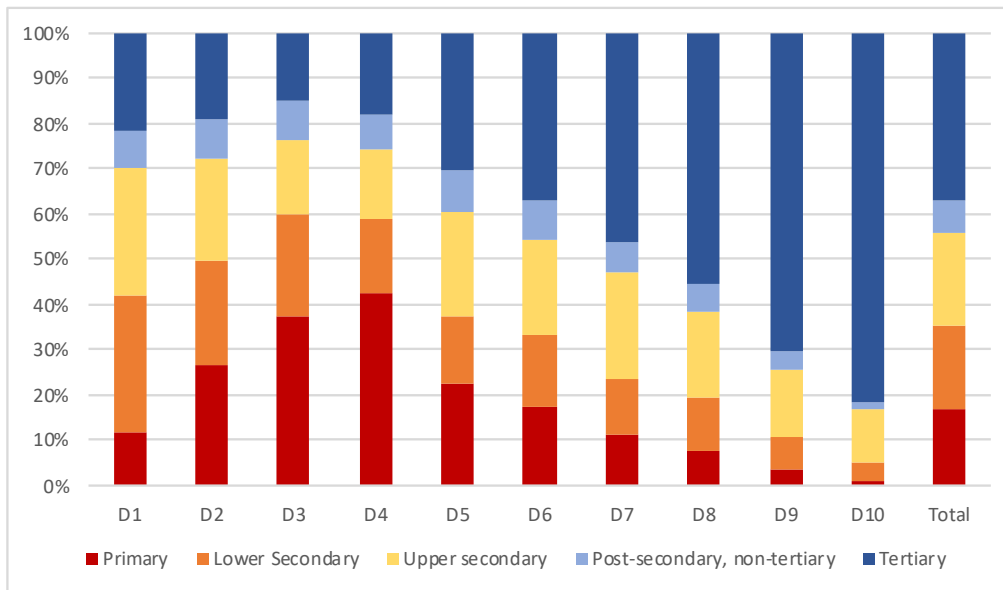
Despite this decline in investment, though, Ireland still has been one of the most successful OECD countries in reducing educational inequalities at secondary and tertiary levels. University and vocational completion rates for ages 25-34 year-olds are consistently amongst the highest in the OECD (2019d). The UNICEF report card 2018 listed Ireland as ranked second for basic reading proficiency at age 15 (UNICEF, 2018). Ireland also has comparatively low percentages of students from disadvantaged backgrounds performing poorly in reading.¹⁵³ However, Ireland still lags behind with regards to pre-school education, which is related to income. At the same time, disparities continue between income groups for university enrolment and academic performance. Ireland continues to have a significant percentage of 20-34 year olds that are NEET (not in education, employment, or training), or 14.7% in 2018, particularly in comparison to other small open economies like Sweden (8%), Denmark (10.9%), or Austria (10.6%) (Eurostat, 2018).¹⁵⁴

Although most of the interviewees attended state schools, more than 25,000 pupils were enrolled in fee-paying schools in 2018-2019 and, predictably, these have significantly better outcomes in terms of university enrolment (O'Brien, 2019). In 2019, half of the top twenty schools in the country for university placement rates were private (Ó Caollaí and Mooney, 2019).

153 <https://gpseducation.oecd.org/CountryProfile?primaryCountry=IRL&treshold=10&topic=PI>

154 https://ec.europa.eu/eurostat/statistics-explained/index.php/Statistics_on_young_people_neither_in_employment_nor_in_education_or_training

Figure 1: Educational attainment per income decile



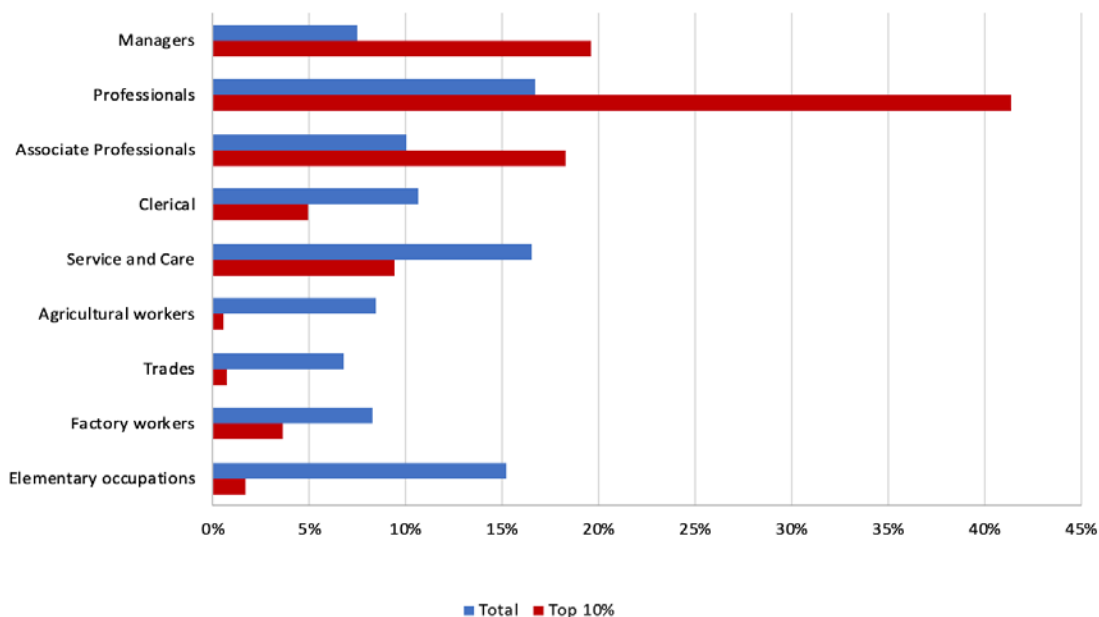
Source: EU-SILC, 2016.

Who are the top 10% in Ireland?

The occupations of the top 10%

Figure 2 shows the occupational distribution of Ireland based on EU-SILC 2016. The first (blue) column relates to the whole population and the second (red) column relates to the top 10% of income earners. As shown, the majority of the top 10% work as managers, professionals, and associate professionals, to a much greater extent than the majority.

Figure 2: Occupational category for total population and top 10%



The income of the top 10%

In comparison with other small open economies in the EU and the UK, Ireland is unique in the level of state transfers received by both the top 10% and the bottom 40% (Sweeney and Wilson, 2019). The table below illustrates the level of transfers ('Paid' rows) compared to other small open economies in the EU and the UK.

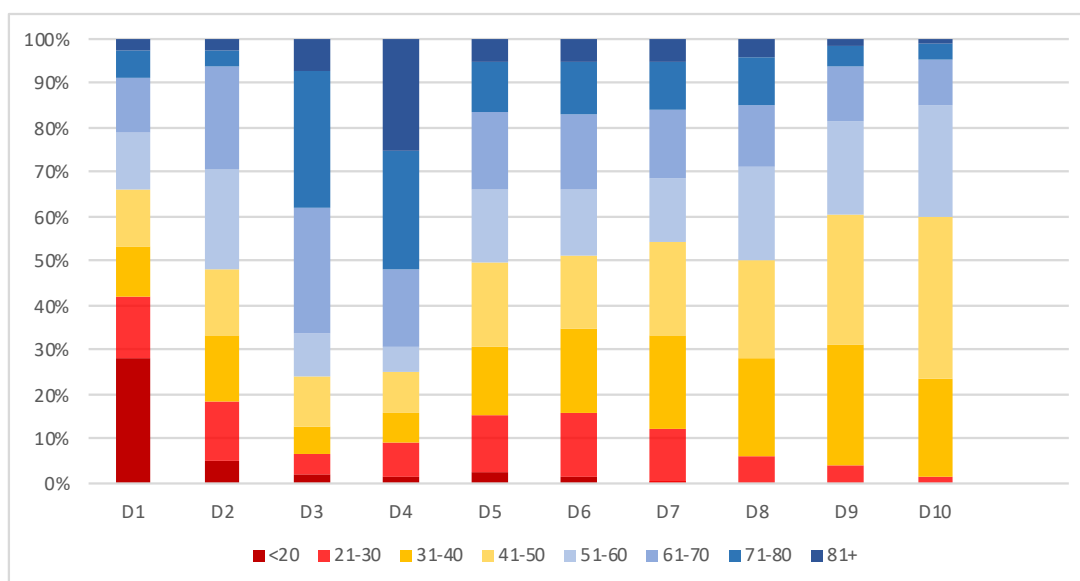
Table 1: Components of household equivalised disposable income by income group

	FI	BE	SE	NL	AT	DK	IE	UK
Income top 10%								
Labour	0.75	0.82	0.68	0.79	0.74	0.73	0.73	0.76
Capital	0.17	0.09	0.15	0.11	0.11	0.19	0.10	0.1
Transfers top 10%								
Received	0.08	0.09	0.17	0.10	0.15	0.07	0.17	0.14
Paid	0.35	0.30	0.34	0.39	0.35	0.40	0.29	0.32
Income bottom 40%								
Labour	0.40	0.37	0.38	0.52	0.50	0.50	0.24	0.33
Capital	0.12	0.03	0.03	0.03	0.04	0.01	0.02	0.05
Transfers bottom 40%								
Received	0.48	0.60	0.59	0.45	0.46	0.49	0.74	0.62
Paid	0.17	0.16	0.21	0.23	0.18	0.28	0.04	0.12

Source: Sweeney and Wilson, 2019.

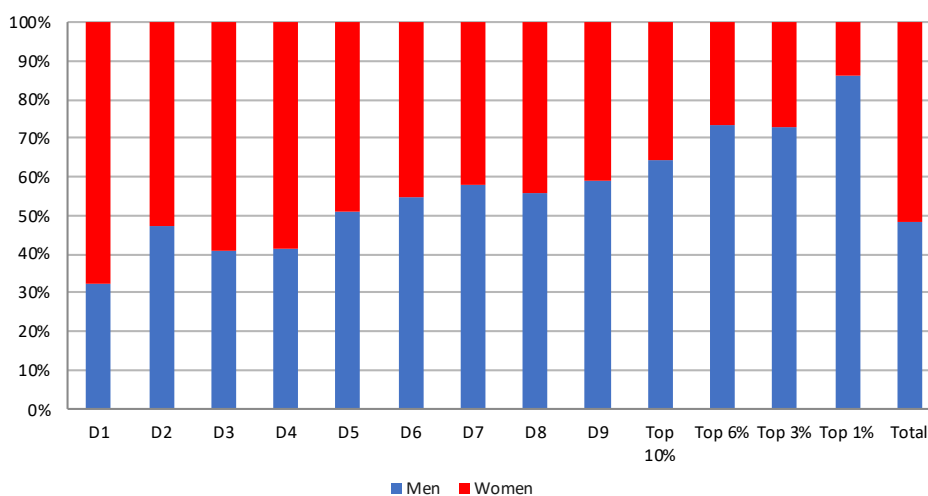
Unsurprisingly, as figure 3 shows, the top 10% of income earners is concentrated amongst individuals aged between 41-60 years old, the prime working years. At the same time, among wealthy households, women's incomes still lag substantially behind men's. Figure 4 shows how income compares across income deciles by gender, namely how women are more prevalent in lower income households, and as income increases this pattern reverses – women are much fewer than men in the top 10%, 6%, and 1%.

Figure 3: Age distribution across income deciles



Source: EU-SILC, 2016.

Figure 4: Gender distribution across income deciles and segments of top decile



Source: EU-SILC, 2016.

Consumption of the top 10%

According to the 2015-2016 Household Budget Survey in Ireland (CSO, 2019),¹⁵⁵ households in the top 10% income bracket (>€2,163.17 a week) spent an average of €1,699.93 per week. This figure was twice the overall average expenditure of €837.47 for all households. It should be noted, however, that the average household size amongst the lowest income households (>€252.21) was much lower than that of the highest income decile, or 1.22 persons versus 3.73 – so that equivalised income must be kept in consideration. In addition, more than 97% of households in the highest income decile reported at least one person at work compared with 12.3% for those in the lowest income decile. The majority of members of the lowest income decile households were retired or not at work (CSO, 2019).

155 Household Budget Survey 2015-2016

Expenditures between the highest and lowest income households differed, as the latter had to spend a greater percentage of their income on basic needs such as food, fuel, and lighting (about 27% versus less than 15% for the wealthiest households). In contrast, the highest income households spent 55% of their income on transportation and other goods and services, while the lowest income households spent just over 38%. The wealthiest also spent more on medical services (€87.31 a week compared with €14.42), pension contributions (€162.66 per week as opposed to €1.63), holidays (a stark difference of €85.02 versus €7.39), and childcare (€36.89 compared with €0.33) (*ibid.*).

How the top 10% view inequality: What should be done and why

Table 2: Irish interview sample

<i>The Irish sample</i>			
<i>Total interviews</i>	30	<i>Income bracket</i>	
Men/Women	19/11	Top 10-6%	18 (4 women)
Age	12 above 35, 18 below	Top 6-3%	9 (4 women)
Marital status	16 married	Top 3-1%	2 (1 woman)
Has children	9 have children	Top 1%	1
<i>Education/Work</i>		<i>Employment sector</i>	
Public/Private	20 Public 10 (fully/partially) private	Public sector	9
Higher education	29	Private sector	21
Has child in private school	3		
<i>Assets</i>			
Owns at least one property	21		
Has inheritance	3		

Interviews were conducted with 30 respondents. As with the other countries, the sample was not and was never intended to be statistically representative of the top 10% population in the income distribution. Interviews were arranged through a snowball method, with prior contacts referring colleagues or members of their social networks whose income was above the €70,000 cut-off point. Of the interviewees, 19 are men and 11 are women. The purposive sample included a cross section of

age groups and professions based roughly on their relative presence within the top 10% (as reported by EU-SILC). The sample also reflected roughly the disparity in income between men and women, in that there were 69% of men in the top 10% income bracket in 2015, at least according to individual monthly gross income. To understand the generational differences caused by the financial crisis in 2007-08, interviewees were largely split between those who were under 35 years old and those who were above, or 12 under 35 versus 18 over.

Gender differences

Women in Ireland devote more time than their counterparts in most other EU countries to unpaid childcare, only behind Italy and Portugal, and tied with Poland (European Commission, 2016). However, the overall gender pay gap in Ireland is below average for the EU, or 13.9% versus approximately 16% (Eurostat, 2019). Employment rates among women in Ireland rose continuously after accession to the EU but dropped after the 2007/8 financial crisis, from more than 60% of women of working age in 2007 to 55.2% in 2012.

The employment rate has recovered, though, with unemployment among women at 6.3% as of 2017 (Eurostat, 2020). At the same time, the 2018 World Economic Forum Global Gender Gap Report¹⁵⁶ showed that the rate of women in part-time work was more than double that of men and that despite being the top-ranked country in the world for educational parity, Ireland was ranked 68th for women's participation in the labour force overall, 46th for wage equality, and 63rd for estimated earned income (WEF, 2018).

One of the interviewees, Ciara, who is a senior consultant for a headhunting firm, describes how having children makes part-time work almost unavoidable and affects career advancement. She remarks: "[t]he disjunction at which point you have children is a significant crossroads for females in executive positions, because you have a choice to continue full-time in your career and outsource to childcare, or, what I decided was that I didn't really want to do that, so I went part-time." She worked part-time for five to six years until the recession, when she elected to become self-employed.

When asked about her career progression, Ciara responds: "I have I been satisfied? Yes, within the circumstances, because we decided not to outsource our childcare, I was able to work from home remotely and was able to work around the providing of the childcare, particularly in the afternoons and the evenings." A barrister in her mid-thirties, Sarah, identifies having children and maintaining a career as a privilege and dependent on wealth. She contends:

I don't think the rich know what inequality is. By the way, I don't classify myself as being rich. I think they're probably totally unaware, and think that the poor people in society should get up and get a job without realising that there might actually be something stopping them, like childcare [...] a single mum, how can she go out. She'd be in deficit with her financial situation, because it would cost too much.

In other words, without access to affordable childcare, which would require, in Ireland, public investment, social mobility for someone from a low income or in a financially insecure position, would be extremely difficult.

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Investigating economic opportunity and self-identity in Ireland

Factors driving social mobility

Almost all interviewees identify the combination of luck, ambition and hard work as primary factors in their career advancement, though they also imply that effort created the space for luck to happen. The director of a company who lives in Donegal, Siobhan, believes that "I believe career progression is almost self-directed, you make your own luck and you make your own career path." A 42-year-old bank supervisor, Yvonne, reflects on how a combination of luck and work generates opportunities:

I see myself as privileged [...] I am not from Downton Abbey. I saw my parents work hard. I worked hard. Before the pharmacy, I was forking hay and shovelling. I have a good life so I consider myself privileged. But I have worked hard. My children are privileged and I remind them of that. But they work hard [...] I have no space in my life for good-time Charlies [...]. Did I have any more opportunities than anyone else? Yes and no. A boy had kicked a teacher and gotten into trouble. His father had just gotten out of prison. I am more privileged than him but not Downton Abbey.

Likewise, a retired senior nurse, Sandra, says: "[I] have had a comfortable life. I have always worked. I have continued to work."

Despite the association between endeavour and chance, interviewees recognise the significance of 'external' factors such as upbringing and timing to social mobility. A civil servant, David, in his early thirties comments that "[I] just decided to do a PhD after my master's, and they happened to recruit in the civil service and I happened to join at the right time [...]. A lot of it is just luck, I didn't sit down and plan it, I just kind of got lucky." Another civil servant, Donal, agrees: "[I] feel privileged. My luck in where I was born and the resources I had when I was growing up [...] I feel quite well off." In fact, interviewees are implicitly critical of those who wasted their resources and did not achieve success. The chief executive of a charity, Mike, remarks that "[s]ome people are just born lucky and born into opportunity and they should use that opportunity to help people." Another civil servant in his early thirties, Ronan, who had attended private school, makes a particular observation about luck, namely that some professions and occupations do better than others at sustaining an income. He explains:

It depends what sector you're in and Ireland's economic prosperity is kind of dependent on the kindness of strangers or at least decisions made elsewhere [like] corporate headquarters in America. There's a massive element of randomness in Ireland [...]. If you're a hard-working lawyer, you'll do well, but if you work hard in a factory making printers for a US company, or any kind of company, it's kind of completely random in a way.

Across all professional categories, interviewees feel that their access to higher education has accounted for their competitiveness and success in the job market, more than hard work and luck. A 35-year-old bank supervisor, Declan, credits overall social mobility in Ireland primarily to education, explaining: "[p]eople have a really strong culture of education [...] since we've had free education in Ireland it has been an incredible catalyst for social mobility, and that is very evident in the area that I'm from."

More specifically, a few of the younger interviewees who had had difficulty finding employment in the years immediately after the financial crisis attribute their ability to re-train as the critical factor in finding better-paying and personally more fulfilling jobs, primarily in hi-tech. They have likewise gone on to

work for one of the American multinational companies based in Dublin. One interviewee in his early thirties, Brendan, worked as a survey engineer in a coal mine in Australia and 'didn't feel any purpose, any affinity with the sector.' He then worked for a utility company in Ireland and his uncle in Tipperary, neither of which he liked. He decided to re-train to join the hi-tech sector and 'started at the bottom rung' and now works as a salesperson for one of the American MNCs. He has 'climbed steadily up the corporate ladder' and claims to be 'very happy with my job now.'

The financial crisis and the increase in emigration – primarily to the UK (London), the US, and Australia – affected the career trajectories of younger interviewees, whereas older interviewees were more likely to have been influenced by family considerations. A 36-year-old lawyer who qualified in 2012, Robert, recounts:

It would have been the worst time to qualify in Ireland, because people were being let go. My salary when I was training was minimal, I had to come up with a lot of my own fees, get some sort of a grant, but I needed a lot of help from my parents. And also, when I qualified the salaries that we were expecting to get were not what they were meant to be, which meant it's taken me a lot of time to get where I should be now.

A 31-year-old engineer, Tate, migrated to Australia for eight years after the crisis. He describes how the career narrative shifted while he was at university, because of the crisis:

The reason for moving to Australia was I couldn't get any work. When I started college, the first year in college we were kind of given a lecture [...] how engineering was probably the best career you could be in in Ireland because we were in the middle of a boom [...]. Before we even finished college we would all be headhunted, we wouldn't have time to sit down but we'd have a job the minute we left. By the end of the fifth year the same fella gave us a lecture and said, "finish this, pack your bags, and go to Canada, go to London, go to Australia, because you won't find a job here." Because the year before that was the kick-off of the global financial crisis.

Interviewees who have returned to Ireland believe their international experience benefitted them in their search for work. Another 31-year-old engineer, Malcolm, describes how, after finishing university in Scotland in 2011, he went to London and then Australia, where he stayed for three years. For him, migrating because of the crisis meant that "I] came back with some great experience, so I would say that the actual economic crisis, because I wasn't implicated in it, [...] it actually benefitted my career for where I am right now."

In contrast, a 51-year-old company director, Susan, has faced few obstacles in her career progression, and has been able to advance with a vocational degree. Another company director, Siobhan, has 'moved up the ranks in the past 15-16 years.' In 2010, she moved from Dublin to Donegal to work remotely. The CEO of an all-Ireland charity, Mike, now in his early fifties, started out as a teacher of modern languages, then worked in local government from where, after twenty-five years, he moved into the voluntary community sector advancing from service manager to chief executive. Illustrating the cut-off between those affected most from the crisis (younger generations in higher education in 2008) and those who escaped the worst (as they were already in the job market), a 40-year-old civil engineer, Senan, has worked for the same company for 23 years. He 'loves his job', and has worked his way up to a senior position. His salary decreased between 2008-2016, but he stayed in his job while others were made redundant up until 2011. He remarks: "[my] wife is a chartered accountant. She had some difficulties but we were very lucky. We both managed to stay employed."

Finally, interviewees emphasise the relevance of social networks to promotion and finding a job in a small country such as Ireland. Mike notes that "[t]here are cases of people who have climbed the ranks and overcome barriers to become very successful and these people are great, but they are the exception to the rule." Another younger interviewee makes a more pointed argument: "[i]f you work hard, you will be content. You will have nice things but you won't succeed. In this country, you need help from someone. If you work hard, you will be a happy middle-class person [but not really succeed]."

The importance of job satisfaction

Regardless of age and gender, the interviewees emphasise the importance of promotion and stimulation for their attitude towards work. Brendan, the salesperson in his early thirties at one of the American multinationals, states that "[f]or my age I'm probably a bit ahead of the curve for where I'm at [...]. It's certainly where I wanted to be and there's a lot more career progression to achieve and aim towards. I'm quite happy with the way my career is going at the moment." A 35-year-old senior bank supervisor, Declan, who started working there in his late twenties, claims that since then "[I] have been on a pretty good trajectory [...] I've moved to a new role entirely, or a new company, or I've gotten a promotion every one and a half years, which has brought me up to this level now, which I'm happy with." A 31-year-old legal manager, Gary, feels happiest: "when I'm challenged and I see enough possibilities - that matters for [my] personal development." Conversely, he has been most discontented: "in a job or position where I saw no possibilities to progress my personal development or career, in which I was not motivated by the work I was performing."

Even if the interviewees have not been promoted, interest in their work remains critical to job satisfaction. Another bank employee in his early thirties, James, has followed 'horizontal' roles 'because I get bored very easily.' A lawyer in his early thirties, Shane, who had returned to Ireland after working in Australia, comments that "[i]t was a big decision to move home, I hadn't been home in nine years. [...] I just wanted to get better, to be better at what I'm doing [...] what motivates me is just wanting to do a good job I suppose." Malcolm, who had kept his job during the recession, noted that he had the option during that period to: "stay working for less money or stay at home. It's very easy to keep motivated when you are busy."

Other interviewees see work itself as a means to an end, quality of life. A supervisor at a bank, Yvonne, in her early forties, prioritises work culture, and states that "[I]'d say I stayed [at] the same [level]," in terms of her roles over time, but this hasn't mattered, as the change has allowed her to maintain a work-life balance. Inversely, as will be discussed, the failure of income to ensure economic security undermines quality of life. More precisely, persistent economic insecurity amongst interviewees seems to heighten awareness of the obstacles to social mobility in Ireland. Lack of access to good education, in particular, and the high cost of living, including health services, are repeatedly cited as the primary causes of inequality in Ireland.

The problem of economic security

When asked about their career trajectories, interviewees differentiate between job satisfaction and income. Whereas respondents are quick to claim they are happy with their career progression, they frequently complain that the income is insufficient to ensure economic security, especially in Dublin, but also elsewhere.

In fact, economic insecurity is a pervasive theme across all interviews and is common across generations and genders. Having children did not seem to influence, or exacerbate, perceptions of insecurity.

Instead, all respondents identify themselves, with or without children, as more well-off than most, but not financially stable. A 31-year-old civil engineer, Ian, who earns between €70-85,000 relates how he is “stuck in this no-man’s land in which I earn too little to be able to afford a house and too much to apply for affordable housing.” He regards himself as ‘comfortable,’ explaining that “[I] don’t live beyond my means, but I certainly don’t have any assets to cover me if things start going wrong.” A younger banker, James, declares that “[I] believe our generation is the first generation to be less well-off than the previous.” A more senior bank supervisor, Joseph, reflects that “[i]t’s funny I have probably increased [my wage] every year since I came to Dublin, but you always seem to have just enough. There’s always more expenses to come along.” Joseph adds: “[I] might be in a high percentage of earners, but, living in Dublin, I have a lot less disposable income than my friends at home who are working in factories.” Another respondent describes the middle class as ‘trapped’, where households: “have too much money to qualify for support, but not enough to pay for things such as post-secondary education, healthcare, childcare” and criticises the cut-off points as ‘too crude.’

Interviewees in the civil service or finance, familiar with the data on income because of the nature of their work, are more aware than other respondents of their relative position within the income distribution. However, even if they do know their position, this does not prevent them from wondering how anyone on a lower salary could survive financially, considering the cost of living. As David puts it: “when you look at the top 10% versus the average wage in Ireland, it’s shocking. I don’t understand how people can live on a minimum wage in Ireland, with the cost of living here.”

An interviewee who is unaware of his financial position remarks: “[o]h God! I didn’t know that. Geez, that’s low, isn’t it? That’s very surprising. I thought I was [...] Gosh! [...] How do people live? [...] This is how the rich get richer and the poor get poorer. They rack up debts.” Upon learning his income bracket, another interviewee exclaims, “[t]hat’s nuts, so it is.” He has bought a house with an hour and a half commute and thus doesn’t “really feel like I’m in the top 10%.” A 42-year-old bank manager, Fiona, responds: “[o]kay that’s interesting, isn’t it? It’s funny isn’t it,” and then notes “[I] assume a person living in Dublin on that wage, you’re doing grand — you’re going on holidays — [...]; but you’re not, I’m not saving a huge amount of money.” She also says: “I am not too surprised. I guessed it [...] I earn 85K. I am amazed I am in the top 6%.” One respondent states: “[y]es, I was [surprised]. I thought I was lower, percentage-wise, a lot lower [...] I suppose 90% earn less but the average would probably be closer to where I am.” He remarks: “[I] guess it was just the gut feeling, the way I see it I’m not by any means at the top of my career, there are a lot of people a lot higher than me [...] I always pictured in my head that I would be in the top 25%, never in the top ten.”

If economic insecurity makes interviewees more sympathetic to those earning less, it also makes them more sensitive to concentration of wealth, influencing, as discussed, their views on policy, especially tax. A 36-year-old barrister, Sarah, exclaims: “[i]f I feel like I struggle to get on the property market, then I have to accept that there’s a huge social divide between the people at the top and the people at the bottom, and I’m not even at the top!” A 30-year-old computer programmer, Conor, states that “[I] think Dublin has a very, very serious housing crisis, and Irish politicians are very apathetic.” He argues that:

As a result, if you’re renting, it’s extremely hard to find a place. This isn’t an inequality thing, everyone is screwed. People who are earning more than 100,000 a year are worried about the situation. Some of my colleagues are moving out of the country to work for the same company because of the housing situation.

A management consultant in her early thirties, Laura, declares:

We are in the top 10% bracket. But when we looked it up, we thought 'this is ridiculous. How are we in the top 10%? If we lose our jobs, [we] easily revert to being poor. Who would take care of us?' It has an impact on us, to see people suffering is a stress on society [...]. Our house is overvalued, it's not worth the cost.

Another computer programmer, Thomas, also in his early thirties, working at one of the American multinationals, envisions his career trajectory as "a steep climb, and I'm climbing up it." However, he stresses: "[I] don't think I'm nearly wealthy enough. I don't have a huge amount of passive income. I think that's an entirely different way of living."

A few of the respondents differentiate themselves from the top 1% because they believe that acquiring wealth depends on contacts rather than merit, which is how they understand their own success. The civil engineer, Ian, who has weathered the financial crisis, comments: "[I] would think it's impossible to get ahead [to be among the wealthiest portion of society] unless you know somebody. I would personally feel very strongly about that." He then mentions the housing crisis as an example of how wealth is accumulated through exploitation: "it seems that inequality is becoming bigger and bigger because somebody can't actually purchase an apartment if they're just being built for rent. These people who own them [...] are just getting richer and richer and richer."

How to respond to inequality

The causes of inequality

Interviewees attribute inequality to structural factors for the most part, though a minority refer to lack of motivation. Causes of inequality include lack of family resources and uneven quality of education, which circumscribes future opportunities. One of the younger engineers, Malcolm, explains that inequality in Ireland has: "a lot to do with where you come from. I think if you're born in some of these impoverished traps it's very hard to get out of them, which I suppose is common in a lot of countries." Gary agrees, remarking:

Take a family living in a council flat in Dublin city centre at the moment. If they have two children, how will those children get ahead because they haven't come from money? How are the kids going to get the money to get ahead? Are they going to set up their own business?

The salesman at an American company, Brendan, feels that he does not "have that strong of an opinion on social inequality," but does note that "[I] didn't have a lot of money growing up but I was able to go to university. A lot of people can't go. If I didn't go to university, I wouldn't be sitting here talking to you. I worked my way up but I was given opportunities." Brendan asks: "[i]f you start out socially deprived, what's your ladder?" A retired senior nurse, Eileen, suggests that:

A lot of people fall out of society because they see themselves as undervalued. And I think that's education. Inner city and small towns and rural areas. We need education and support at a younger age [...]. If I would find one solution, it would be education.

Eileen also argues that the focus on degrees discourages people from disadvantaged backgrounds pursuing nursing as a profession: "[y]ears ago, nursing and the apprenticeship model offered

opportunities for mobility. Nursing is a lovely career for anyone [...]. Now, nursing requires a good score on the leaving certificate and that's where kids from lower socio-economic backgrounds fall out." An engineer in his early thirties, Tate, identifies lower rates of inequality with education, saying: "Education is really important. The government needs to make sure there is good education for everyone. And then [...] inequality won't be such a big problem, because more people will have a chance to be successful in life." Interviewees cite opportunities for higher, as well as primary and secondary, education. A barrister, Sarah, relates how she thinks:

The cost of education, it's prohibitive. And then you've got accommodation costs. Costs of education, costs of housing, it's all prohibitive. Say you've got two people and they're bringing 60 grand between them and they've got two kids. How are you going to afford to send the two of them to college?

A 38-year-old GP and lecturer, John, contends that the cost of living, particularly house prices and the rental market, is "extremely punitive for working persons and family and particularly younger people [...] our public services haven't caught up yet. Our cost of living is extremely difficult." Others repeat this criticism. A 36-year-old economist, Joseph, working on EU banking policy sums up the flaws in public services: "[H]ousing, education and health are obviously the three big ones, perhaps also an entire reform of social welfare." He thinks that policy regarding housing is 'abysmal' and education is 'absolutely underfunded.' The civil engineer, Ian, states, "[T]here is definitely more poverty in Ireland. The homelessness is more apparent." He adds, "[I]t is a bit distressing. I remember speaking to someone in a homeless charity, in 2012, who was trying to count people on the street. Back then, there were 70-80, now there are hundreds."

Finally, evoking the status of certain private schools and echoing comments cited previously about the usefulness of networks for jobs and promotion, several interviewees note that education could provide social networks useful far beyond graduation. Management consultant, Laura, describes education as being about: "social opportunities. Where you went to school. It makes a big difference. Everyone in a certain echelon knows each other. The top echelon that makes decisions live within five miles of each other; they know each other. And it's 99% Irish."

Just as lack of educational opportunities influences inequality, not taking advantage of those opportunities — if and when they are offered — is seen by respondents as a failure of personal responsibility. As an interviewee puts it, the social welfare system creates "dependency; it's not monitored regularly. I don't think that there are necessarily proper support systems to lift these people out of those cycles, and some people just don't want to be lifted out of it, that's all they've known all their lives." Gary stresses that "if a person does not aspire to go through a full schooling, [then it] cannot really be called inequality, rather a choice of lifestyle." The director living in Donegal, Siobhan, comments that, "[I] go to the post office and then I see the same people collecting welfare at the pub" and Brendan believes "a lot of people don't work in Ireland. They claim welfare. They don't think there's a point in me working if the government gives me 180 a week. Is there any incentive for people to get up to work?" Respondents are conflicted between sympathy for the lack of public funding and cost of living and a belief in meritocracy and the inevitable reward of hard work. Senan, distressed at the level of homelessness in Dublin, remarks "[T]he more you give people, the less they will be willing to do something. People will expect to get more and not do anything."

Attempting to link meritocracy to state responsibility, an executive, Sharon, suggests that benefits should be connected to employment or education:

There should be investment in social housing. But it shouldn't exist in itself. You should have to earn to get on otherwise. They have no sense of purpose. Getting money in but no obligation. Housing should be an investment in your being in some form of education or a job.

She adds, "[y]ou need to give kids the right values from early on. But sometimes parents don't know better. Kids should know how to get a job."

The role of the state in addressing inequality

Corresponding with the expressed consensus on the significance of education in generating job opportunities and higher income, interviewees want government policy on inequality to go beyond welfare payments. They repeatedly affirm that they do not favour higher levels of cash transfers or even a reduction of their own taxes; they want better investment in public services. As one interviewee, a solicitor in his early thirties named Darren, puts it, the state's responsibility is "about actually giving people the opportunities and the tools to work [...] it's not about social welfare, it's about promoting and providing valuable opportunities, education, and social regeneration when it's needed." Darren adds:

Government has a huge role. They're the means by which we redistribute our wealth, they are the body that imposes taxes, and also they are the body that imposes legislation to provide education and other social policies that promote and provide opportunities for others.

Single and without children, he does not feel affected by his high tax band and states, "[I] wouldn't be averse to paying more if I knew it was being properly allocated [...] if it was clearer that our tax dollars were going into kind of more socially desirable causes, people would be happier to help." He has spent time working in the UK and admires the NHS, declaring:

For all the flaws the NHS has, it provides a hugely fundamental service to the British people. The more we can put into promoting free, basic healthcare to people – I think we do it to a certain extent here in Ireland, but I know it's not provided to the same extent as the UK [...]. I'd be supportive of providing a system closer to the NHS.

Mismanagement of investment in public services and benefits pervades critiques of policy and likewise influences perceptions of politics and political parties. One of the young civil servants, David, argues that the state should stop subsidising private healthcare while another civil servant, Donal, argues that universal public services "should be a matter of right for everyone." He mocks the state's 'obsession with cash transfers' and posits that it should move towards universal public services that are free at the point of use. One of the civil servants, Ronan, states "[t]he government has a role to provide services and make sure people have access to those services. They have the tool of taxation to deal with inequality."

Interviewees never express any resentment regarding taxation to fund public services. Instead, they emphasise wanting to see greater and more efficient public investment in universal services. The director in Donegal, Siobhan, says that she is "happy to pay taxes if it's helping the vulnerable in society, if it's creating better infrastructure, better services, better health services." She then adds: "[y]ou can imagine my frustration when I pay over 30 thousand euros a year in tax and I see the same faces going

to the pub on a Wednesday drinking" but ends her response by saying: "[I] think the taxes are more than adequate, but they're mismanaged. I went to Sweden recently [...]. They pay high taxes, but they pay for nothing else. Services run smoothly. And you think, we're a rich country, why can't we do the same?" Summing up the approval respondents give to the provision of services relative to cash transfers, one of the young bankers, James, remarks, "[g]iving money isn't always the best way of helping people."

Resolving intergenerational inequality

Generational differences in attitudes about the impact of living costs on economic security arose several times during the interviews. For one interviewee in his early thirties, Ronan, housing is "probably the single most obvious factor regarding inequality." He adds: "[t]he vast majority of wealth in Ireland [is] all tied up to their home, so it's all generational inequality." The GP in his late thirties, John, believes that the economic context had provoked intergenerational tensions, noting that "[t]here's also a sense of intergenerational inequality as well, relating both to wealth and also wealth from property. So, there's a perception that the older generation did better in a general sense [...]. Where they have wealth, particularly both from pensions and other sources of saved income and also from the property they own and which they may [pass on] to their children." He observes: "a perception of bitterness in Ireland because all of those reserves of wealth will not be — and look like they will not be — redistributed in society effectively to mitigate against widening inequality."

The financial crisis in 2007/8 exacerbated this intergenerational division and, potentially, the resentment. The government was criticised for not overcoming the dissonance between the cost of living and salary rises. A 30-year-old interviewee, Conor remarks: "[t]he wages just need to be looked at and reflected on. So, a lot of people are just being underpaid and end up with top-ups whereas they should just be paid correctly." Another respondent argues that the progressive tax system means tax levels themselves are adequate so for tax revenue to increase, salaries have to increase.

The Donegal-based director, Siobhan, who is in her forties, remarks: "[t]hink about that squeezed middle, and the increase in taxes, the additional USC charges, there's a whole generation there that have messed up credit, there's a generation that's living with negative equity." She comments:

You've got people in that squeezed middle that aren't earning any more money, that are being hit by higher income taxes, so they have less liquidity at the end of the month; they're growing older, they want to buy houses that they can't afford; they can't borrow money. The policies are not there to support them. It's more about protecting the bank, the government now is the bank. Where do you go?

Echoing the concern of a number of commentators (Pembroke, 2018), she concludes: "[y]ou've got 20 and 30 year olds still living with their parents [...]. It's part of the reason why we moved back to Donegal, because it's just not financially feasible to live the life that we want in the city."

The role of the private sector in addressing inequality

In contrast to their views of the state, interviewees feel that the private sector should focus on their own ethical code rather than higher pay or providing benefits to address inequality. For instance, the younger civil engineer, Ian, describes a hypothetical case where a private contractor bidding for a public sector contract would not acknowledge mistakes in the tender that could potentially benefit them financially after the contract was awarded. He describes how, from his own experience:

A private contractor would have tendered for the work and would have realised there were hundreds of mistakes in the tender document and they could put in a claim after the contract. If they weren't so cynical and actually worked closely with government officials, they would still make a handsome profit. They should have raised the issues before and then something could be agreed.

He keeps repeating how cynical the exercise would be: "[t]he whole thing would have been very cynical to make 70-80% profit. That is quite cynical. If they could just work with government agencies, then that money could be put back into society."

Taxation also figures into discussions about private sector responsibility. Billionaire philanthropists are called out several times in the interviews for evading tax and Ireland's corporate tax policy is called into question. In general, interviewees agree with greater taxation on wealthy individuals. The 31-year-old engineer, Ian, cited previously, states: "[t]he rich keep the rich and they keep feeding each other. And there's a big step to come from that middle class to get up to the hierarchy of the richer side, there seems to be a big step in between it, especially with the tax bands in Ireland." He adds, "[i]f you have that surplus, you should give back." He then concludes, "[o]ver the years, I would have been more on the stronger side of promotion where due [advancement is based on hard work and thus merited], as opposed to now where you have to implement sanctions [tax]. And I agree with sanctions because you have to balance the system." Similarly, Shane remarks:

I think we should do everything we can to minimise the gap. I understand that there's different tax brackets for the different amount of money that you earn, I fully support that. While I work hard, I also realise that we're lucky enough to be able to be in the position that we're in, those of us who have a good job. I have no issues with reallocating wealth to those that have a hard time.

He also states, "[I]d nearly go as far to say that as a society we have a duty of care."

The 10% and trust in politics

Almost all the interviewees claim no party loyalty and doubt their motivation to decrease inequality. With perhaps the exception of housing, as one interviewee expresses: "economic inequality has not really had an impact on Irish politics." The ambivalence and negativity about political parties permeate interviews across generations, occupations, and gender. The Donegal-based director, Siobhan, feels that:

The whole political situation [makes me worried about my country] [...]. We have an election coming up [before the February 2020 elections] and I actually don't know who I am going to vote for. I find myself moving towards individuals and unfortunately, they are with parties that have made a mess of the country in the past.

One of the younger public servants, David, comments that no party represents his views. He has voted for Sinn Fein in the past, but stresses that "we need an idea of what Ireland would look like besides a 32 county Ireland. But I do think the small leftist parties are very worthy but the problem is that they don't have a governing project." Another of the younger public servants, Donal, remarks:

I can't remember who I last voted for, someone on the left. I don't feel an affiliation to a particular party at the moment." Echoing the comments of other interviewees, he states: "[i]n terms of political landscape and political parties, it hasn't changed much to show any new kind of

political force [...]. There hasn't been the emergence of a new political force that has capitalized on inequality in Ireland. There have been small fringe parties but they haven't had a large political impact.

James, a young banker, declares: "I'm not a very big fan of Irish politics. I've never voted in Ireland, I'm not sure whether I'm embarrassed to say that or not [...] [it's like] cutting off your right finger or cutting off your left finger – it's not really a great choice." The older civil engineer, Senan, has voted for Fianna Fáil and the Greens, but is explicitly not loyal to any one party. Finally, the lawyer in his early thirties, Shane, who wants to 'minimise the gap', sees himself as closest to Fine Gael, but also thinks the two historically dominant parties "are too close to centre."

Alienation from political parties is attributed to focus on the election cycle, lack of distinctive policy agendas, weakness of smaller, leftist parties, memory of how the financial crisis was managed and its enduring impact on social policy. The Irish party system is compared to others, like in the US: "[w]here you are one way or the other, there is no in between. You don't have that here [...] there are only small variations between their mandates for government." Correspondingly, local, independent candidates receive the most praise. A 31-year-old civil servant, Ronan, notes: "[y]ou can see the work of independent candidates more visibly on the ground than you can the national party candidates [...] if there is a local issue in the countryside, you see the independent candidate there first. They have the passion and the motivation." He contrasts this passion with the national party candidates: "I always get the feeling that the big party candidates are there for the photo opportunity and to be seeming to do something."

Likewise, interviewees tend to concentrate on the issues and personalities of candidates. Their comments include "I tend to vote for people as opposed to parties," and votes depended "on what was happening at the time." A 42-year-old public sector manager, Lisa, declares: "I'm not aligned to any political party I'd say in Ireland. I'm definitely not aligned to two parties, definitely never will be, rather than the other way." The civil engineer, Senan, finds political party allegiance "a stupid way to vote. When the election comes, I like to read what base the person runs on and what the overall party policies are, and decide on that on a case-by-case basis, not blindly voting for Fianna Fáil or Fine Gael." A 54-year-old freelance consultant, Ann, says she would vote "[e]ither Fine Gael or Fianna Fáil, it depends on who's running," but emphasises "It would be the person, not the party. They're too similar, there's very little to split between them." A few of the respondents say they have voted for Labour, Sinn Féin, or Fine Gael, but they have never voted due to party affiliation, preferring, as other respondents do, to concentrate, on issues. One interviewee declares he is fond of referendums for that very reason.

What lessons for policy?

Most research has shown that the top 10% of income earners tend to prefer a less regulated, low taxation economy when compared to the rest of the population (Enns and Wlezien, 2011; Gilens, 2012). Ireland may be an outlier, which could be related to its relatively low levels of universal welfare state provision, especially when compared to countries of similar income. In fact, the interviewees do not mind tax levels, but want to see the revenue translated into greater investment in public services. To address inequality specifically, they call for greater investment in universal public services rather than greater dependence on cash transfers. Few interviewees express any enthusiasm for universal basic income. 31-year-old legal manager, Gary, views UBI as 'difficult' commenting that "I believe people are given money and can choose not to work, I believe work in itself is a matter of contributing to society. I believe money should be used to give people options." In contrast, even the respondents who question government efficiency support universal access to services replacing the means-tested system now

in place, especially regarding health services. Healthcare is cited as the worst example of government inefficiency. One respondent calls the health system 'poor, very poor,' remarking that, "[I] have to pay private health insurance in Ireland, and I worked in other countries where I didn't have to pay [...]. It's probably one of the worst things here" and that "[I] wish the public system was good enough that I didn't have to go private." Civil servant, Ronan calls the health system 'probably our biggest failure.'

For the interviewees, better, more cost-effective management of public services should include backing away from privatisation. As one interviewee puts it, taking as an example waste collection, privatisation "actually introduced inefficiency to the country rather than being a benefit to its citizens." He adds: "[i]t would be much more efficient to have a healthcare service that comes from general taxation [...] than the kind of mismatch we have now of public and private [and] private health insurance." Regarding one of the American companies based in Dublin, Derek, a 51-year-old German-born engineer, says: "[t]here's too much tax and too little return. I think Ireland is quite inefficient in this regard. I think public transport should be improved," and "Ireland is not modern at all, it's a bit behind in terms of infrastructure compared to other countries." The barrister, Sarah, labels access to healthcare "not adequate. They need to pump money into that. People shouldn't be on trolleys [at the hospital]. Elderly people who probably paid their dues to society for however many years, it's horrific when you see in the newspapers and they're just lying on chairs. So, it has to be sorted out." Referring implicitly to the escalating costs for the children's hospital and the subsequent scandal,¹⁵⁷ she notes: "[a]gain, I am all for children's hospitals, but how much money needs to be spent to build a children's hospital? I think it needs to be managed properly."

Controlling for inefficiencies and echoing comments discussed earlier, increased revenue for public services could come in part from increasing taxes on the wealthiest segment of the population, or at least reducing tax evasion. Derek, working for one of the American MNCs, states that he does not believe the rate of income tax should increase, "because it's already very high." He does qualify his argument, though: "[t]here should be more effort to increase the tax base and to discourage people from shifting their income so that it's not taxed. I think there's lots of opportunities in Ireland for that." Though not everyone agrees about inheritance tax, a few of the respondents feel that capital gains tax could also increase. One of the younger civil servants, Ronan, argues that "[i]f you want to get the wealthier, you need to look at other taxes than income to do it." Another civil servant, Donal, concurs: "[t]here is scope for a higher marginal tax rate [...] especially incomes above a certain amount over the median wage. There is more scope for taxing capital, dividends, things like that," explaining: "[t]he big problem in Ireland is that the capital gains tax is quite low [...] business people move income into capital gains."

The younger respondents tend to be more supportive of capital gains tax than the older interviewees. One 36-year-old respondent, Robert, states: "[i]nherited wealth is not being taxed appropriately, so it allows for capital to be passed down from generation to generation and accumulated [...]. A tax system which is skewed towards benefitting people with higher incomes." Another, in his early thirties, believes that policymakers "should look at the property tax – that's a good way to tax. Inheritance and property are the better ways to do it." A third, 33-year-old interviewee, Thomas, agrees: "[w]e have a very, very tiny property tax in Ireland," and "given the transfer of wealth between generations, it is the best." This view is not universally shared, however, as the technology consultant argues that "[I] don't think anything should be done. Whoever you are inheriting from, probably worked very hard to give you that."

¹⁵⁷ <https://www.rte.ie/news/health/2019/0116/1023551-health-committee-childrens-hospital/>

A few of the interviewees mention reforming the corporate tax rate. Brendan contends that:

Corporations need to pay more in taxes. It is the SMEs and the middle class that pay taxes. We need to ensure that everyone pays their fair share. My company is based here for tax purposes but none of the executive team lives here – they are dispersed across New York, Paris, and London.

A company director, Derek, responds to the question about tax:

Corporation tax, absolutely, but it needs to be paid in the country where they're operating. So, I don't agree with these kinds of tax dodging things or whatever. I think if a company is in a country, they need to contribute to that country.

Even those interviewees positive about the tax rate question how long it could endure as industrial policy and because of the income being lost to the state. One of the engineers, Tate, expounds on the dilemma for policymakers: "Iolur corporate tax is famous because everyone perceives it as a way to trick the system and to get these companies into Ireland." He then notes, "[t]hat being said, it's probably working wonders, because how many multinationals are working here at the minute?" Though sceptical about inheritance tax, one of the bank supervisors, Declan, echoes his comments, calling the Irish corporation tax: "an effective marketing tool for what is a rock at the periphery of Europe, and we'd have very little reason for companies to come here had we not had that." He then qualifies this statement, saying "[b]ut, that said, it needs to be applied [ensure tax is paid], and I think that's something we're moving towards, at the very least. And that should be the number one priority for the coming years, to ensure that there's a consistent application of that."

Conclusion - the top 10% feel neither secure about their futures or their society's

The interviews in Ireland demonstrate that decisions about public investment must show that they will not punish disadvantaged households by cutting resources to services like education. These decisions should also not exacerbate economic insecurity, which increasingly touches the majority of the population, including members of the top 10%. The danger of ignoring the desire for fairer policies and stronger mechanisms to ensure security is that it risks alienating this population from a necessary means of participation for sustaining democracy.

Ireland's economy has been one of the fastest growing in the EU. American multinational corporations (MNCs), such as Facebook, Google, Apple, and Microsoft, have established European headquarters in the country attracted by its relatively low corporate tax rate and overall tax regime. These MNCs generate one third of total Income Tax, Universal Social Charge and Employers' Pay Related Insurance. However, this economic openness has also left Ireland more vulnerable to global economic instability – and led to its slow recovery following the 2007/8 financial crisis.

The 2007/8 financial crisis increased intergenerational wealth differences for some of the interviewees. Critically, out of the respondents interviewed across the four countries in this report, it is the Irish who feel the greatest sense of economic insecurity, primarily due to Ireland's high housing and living costs.

One critical barrier to escaping economic insecurity is childcare. Women devote more time to unpaid childcare than their counterparts in most other EU countries. In Ireland, twice as many women are

in part-time work than men. Some interviewees explain that having children makes part-time work unavoidable and affects career advancement. They feel that their childcare options are to outsource to professional childcare, take up part-time work, or become self-employed. This decision is compounded by difficulty accessing affordable childcare.

When talking about their own social mobility, interviewees feel that a combination of luck, ambition, and hard work acted as a catalyst for their career advancement. Interviewees recognise the significance of their upbringing and timing in achieving professional success, yet are critical of those who waste their resources and do not achieve success. Interviewees feel that the access they have had to higher education accounts for their competitiveness in the job market. Many were able to retrain in other high-income fields, such as high-tech, to find better paying and more fulfilling jobs following the 2007/8 financial crisis. Some emigrated to Australia and London to find work and later returned. Overall, interviewees agree that working hard is necessary for career advancement but luck and help from someone successful is needed too.

The top 10% in Ireland generally express job satisfaction, which they achieved through promotion and being stimulated by their work. Interviewees feel that work itself is enjoyable and part of having a strong quality of life.

Most interviewees feel happy with their career progression, but have insufficient income to live in Dublin. They identify themselves as more well-off than others but not financially stable. Many report having little to no disposable income, especially those that live in Dublin. Interviewees feel stuck between having too much income to qualify for welfare support programmes but too little to pay for post-secondary education, healthcare, and childcare. In their interviews, respondents feel more sympathetic to those earning less because of their own insecurity and more sensitive to the recent trend of concentrating wealth.

Interviewees are likewise aware of structural inequality but differentiate their lifestyles from those of the wealthiest 1%. Most interviewees want the government to ensure access to high-quality public services as proof their tax contributions are being used effectively. Interviewees generally agree that inequality is caused by structural factors, although a few attribute unemployment and low income to a lack of motivation and dependency on benefits. They understand systematic inequalities as being caused by a lack of family resources, the uneven quality and cost of education, especially post-secondary, the importance of degrees, the cost of housing, and difficulty climbing the socio-economic ladder.

Respondents also generally agree that the state has a responsibility in addressing inequality. They claim that the state has a responsibility to give people opportunities rather than cash transfers. Many state that the government should do a better job in improving education and public services rather than relying on welfare payments to lower poverty rates. Some interviewees said they would be open to paying more in taxes if the state used its tax revenue for more socially desirable causes. Most agreed that taxes are adequate, but that the public sector is mismanaged.

In Ireland, wealth is mostly tied up in homes, so the generational wealth gap was particularly exacerbated by the housing crisis of 2008. A few interviewees are in favour of an inheritance tax, which is meant to redistribute the wealth held in homes of the top 1%.

Finally, although the top 10% are politically active, the Irish respondents feel little party loyalty. They tend to trust individual politicians rather than political parties. Political alienation in Ireland is related to lack of distinctive policy agendas between the two historically dominant parties as well as the relative weakness of smaller parties, especially those on the left. Though several interviewees have voted Sinn

Fein, Fine Gael, or Labour in the past, they reserve most praise for the independent candidates, who they believe are more engaged in local issues.

In sum, the top 10% sympathise with those earning less. They would like to see more equality, but are not sure how to achieve that politically. Political parties have yet to convince them they are capable of creating a fairer society.

Conclusion

Conclusion

This report has shown that the top 10% of income earners are more likely than the rest to hold a university degree, work in professional and managerial occupations; pay for private education for their children; live in larger cities with higher housing costs; and less likely to use public services or benefits.

Given these advantages, why should public policy target them? There are at least two reasons. First, this group is especially likely to dominate senior positions in the professional and managerial classes, and to find a hearing in the public conversation. Arguably because of this, as Gilens (2012) argued, their policy preferences tend to coincide to a great degree with actual policy. Second, the economic and social distances within this group are growing substantially, and many within the top 10% feel less secure than would be expected. This conclusion expands on some of the political and policy implications of these developments.

They have mostly fared well since the 2007/8 financial crisis

The report shows that the top 10% has accrued most of the benefits of economic growth since the 2007/8 financial crisis, has been affected to a much lesser degree by public spending cuts, and at times has even seen their taxes reduced – for instance, Sweden instituted tax deductions for domestic service in 2007. What is more, while a majority of the population in Spain, Ireland, and the UK have seen their income stagnate, those of the top 10% have seen theirs grow, albeit after a brief period of instability immediately after 2008. In Sweden, where the effects of the financial crisis were much shallower, the top 10% has become noticeably more affluent, and at a strikingly higher rate than the rest.

They are optimistic about their own futures, but less so about their societies'

Similarly, a majority of interviewees across all four countries do not declare having faced serious economic difficulties since the 2007/8 crisis. A few, most of whom work in finance, mention having to change jobs or move industries. A majority declare feeling 'comfortable' with their economic situation (although less so in Ireland); satisfied with the level of tax they pay (though not wishing to pay more); happy with their own careers and with their standard of living; and having experienced a fair degree of career progression.

Respondents are mostly optimistic about their own future, if pessimistic about the future of society. Many interviewees fear populisms from the left and the right, climate change, and the fact that competition for jobs and status has become fiercer and global in scale. They associate these risks with higher levels of inequality. In the UK, some interviewees (a majority of whom were opposed to Brexit), also say they are willing to leave the country if necessary - as many younger respondents in Ireland had in the immediate aftermath of the crisis. In sum, this group is not only more affluent than most, but also more mobile, educated, professionally fulfilled, economically secure, and optimistic.

Distorted self-perception and 'upward' orientation

Given the above, it might be expected that the top 10% are aware of their fortune and confident in their world outlook. However, they do not feel particularly affluent and do not consider themselves

'rich'. Towards the end of the interview process, respondents were asked where they think they fit in the income distribution. Very few guessed their position in the top 10% correctly, most were quite surprised by the discovery. With the partial exception of Sweden (where a majority felt quite secure), some interviewees even expressed a level of economic anxiety, especially concerning the future of their children or their vulnerability to economic shocks.

What explains respondents' surprise at their relative affluence? Part of the answer seems to be differences in living standards. As shown in chapter 2, the declared minimum necessary to make ends meet rises starkly in tandem with income. As might be expected, with higher income comes higher expectations and costs. In addition, as Rachel Sherman (2017) pointed out, many in this population are 'upward-oriented', more likely to compare themselves with those above, especially those occupying positions in the occupational field that they aspire to for themselves. After all, if your salary benchmark is that of your boss's and senior colleagues, who often earn well within the top 1%, then even an income at the top 5% mark can seem mediocre. This awareness of steep income differentials makes their disbelief about their own 'affluence' easier to explain, as does the relative isolation of their working lives. Those working in corporate environments in which they rarely meet people significantly less well-off than themselves – either as clients (e.g., doctors) or as co-workers (e.g., engineers) – express a certain distance from the experiences of deprivation that many have had to endure since the 2007/8 financial crisis. When asked about visible manifestations of inequality, many respondents comment on signs such as homelessness in the centre of cities, requests for donations to food banks in supermarkets, and political polarisation. Nobody mentions their own experiences or those of friends, family, or their local community.

Inequality and meritocracy

Respondents' attitudes towards redistribution implicitly reflect their (dis)connection to the rest of society. They tend to focus on two groups without identifying themselves as part of either: those who taxation should target (the very wealthiest and corporations) and welfare recipients (the poor, whether 'deserving' or not). There are two distinguishable attitudes towards the former. A significant group of respondents in all four countries think that the wealthy should be contributing more because they have taken advantage of lax tax enforcement and growing concentration of wealth. This distance between the top 10% of income earners and the owners of wealth speaks to Piketty's (2014) insights on the growing significance of capital in modern societies, which threatens even those with high incomes. However, there is also an important group of respondents, found in all countries, who believe that the private sector and the wealthy have only a minimal and indirect role in tackling inequality. Their mission should be instead to create jobs, pay a fair level of tax, and provide an engine for economic growth. In this view, they should not be penalised for succeeding and working hard.

In relation to the less well-off, whom respondents identify as the main beneficiaries of redistribution, attitudes can be divided into three. A first, meritocratic view – particularly prevalent in the UK – sees the poor as participants in their own misfortune. Be it due to lack of drive, talent, education, or suitable role models and expectations, the poor, especially those perceived to be dependent on welfare, are considered undeserving of further transfers, which might disincentivise work. A second view – which was especially noticeable in Ireland and Spain – explains the position of the poorest in society in terms of lack of opportunity and structural constraints. Such respondents do not consider the less well-off responsible for their own misfortune, but trapped in an economic and social environment with few options available. A third attitude – found only in Sweden – tends to think of the poor as newly arrived

'others.' Perhaps surprisingly, several Swedish respondents immediately associate the less well-off with migrant populations, much more frequently than in the other three countries (which themselves have sizeable immigrant communities). Rather than thinking of those with low incomes as part of the same society, these respondents see them as requiring help 'integrating' into a well-designed system.

Situated at an uncomfortable space between the very top (with whom they struggle to keep up) and those at the bottom (from which they seek to distance themselves), many among the top 10% seem to think of themselves as stuck between a rock and a hard place. They see themselves as neither wealthy nor as likely beneficiaries of welfare and public services. What is more, many (especially those espousing meritocratic views) tend to associate welfare with being undeserving and dependent.

Though many in the top 10% are aware of inequalities at the level of gender and race, solidarity towards women and ethnic minorities does not always extend to inequalities of class. Some interviewees explicitly say that, unlike economic disparities, gender and race inequalities have little to do with the actions of the individual concerned, and addressing them is more justified and urgent.

Anxieties and insecurities

Nevertheless, even if most members of the top 10% do see themselves as relatively secure at present, many express anxieties about the future. Some, for instance, worry that their children will struggle to compete in an environment with fewer entry-level positions and in which secure jobs have become scarcer. In addition, a number of potential incidents (e.g., health-related, divorces, economic downturns, outsourcing) could threaten their economic stability, which could affect their capacity to pay for onerous housing and education expenses. Especially in Spain and Ireland, the experience of the 2007/8 financial crisis looms large. It is not yet clear what Covid-19 may do to the sense of economic security of high-income earners, but one clear possibility is that it will cast a light on the many factors beyond people's immediate control that shape their economic situation.

In addition, (and this is in interviews conducted before the emergence of the 2020 pandemic), many respondents voice concerns about inequality. Despite a work culture that promotes consumerism and values individualism and meritocracy, the overwhelming majority of the top 10% interviewed feel empathetic with those less privileged. They express concern and care for the health of society and want something to be done. Many associate inequality with political polarisation, populism, and ominous societal developments.

How should progressive policies address the top 10%?

This research shows that any progressive messaging seeking to appeal to the top 10% has to stress that greater equality benefits everyone, even themselves, as Wilkinson and Pickett (2010) argued in *The Spirit Level*. The security that higher incomes can provide is itself predicated on many other factors that depend on wider society, including quality of life, cost of living, and satisfactory public services. Interviewees' frequent insistence on the importance of universal healthcare and access to education for social mobility (perhaps explainable by their high level of educational attainment) implies they recognise the role of public services in their own life trajectories.

A crucial element of this message is understanding the degree to which income and economic security are not only up to individuals. It is becoming more apparent that the less well-off cannot always 'study' or 'work' their way out of deprivation, in the same way that no income earner can completely avoid

being vulnerable to economic shocks. Though interviewees rarely recognise the proportion of welfare recipients in work, this vulnerability and narrowing trajectories of social mobility connect them to those in a more disadvantaged position. The narrative of austerity after the economic crisis helped individualise economic insecurity but the perpetuation of this insecurity has ironically made it a collective condition.

A crucial objective of any social democratic project that wants to engage with the top 10% should be to destigmatise the receipt of welfare benefits and the use of public services. Perhaps Covid-19 has done more than any other recent phenomenon in bringing to light that life trajectories and career progression often depend on many factors beyond individual control, and that public policy has a crucial role to play in everyone's lives. It has also brought to the fore the need for systemic long-term planning, preventative policies, and a focus on economic resilience and not just efficiency, as well as the importance of trust in institutions. The fact that many high-income earners have received direct state support as part of the economic response to the pandemic may make this population more receptive to the need for redistribution.

From that perspective, this population is at a crossroads; it could either support a common safety net and public services, in the understanding that economic insecurity is a shared experience; or conversely, they could hunker down and seek to accrue as many advantages for themselves and their children as possible. For the former to be more likely, it is crucial to make the point that they cannot isolate themselves forever from mounting inequality; as even they might be left behind. Greater public investment would address their anxieties and, at the same time, engender social solidarity, create stronger social ties across income groups and generations, reduce inequality, and underpin a clearer sense of public good. Public spending would thus become destigmatised and linked to notions of shared citizenship. Shared citizenship, in turn, challenges acceptance of inequality. In that context, Covid-19 provides an opportunity to showcase the limits of meritocratic ways of thinking.

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Appendix

Appendix

Interview Schedule

Introduction and guidelines

- Confirm that respondent has signed the consent form.
- This is an international project (Ireland, Spain, Sweden, and the UK); all questions have been standardised and translated for all countries.
- This interview will be recorded, but any reference to individuals or organisations will be anonymised. After the project, all recordings will be deleted.
- Expected duration: 1 hour. Will you need to leave at a certain time?
- We will be asking you questions on your socio-economic background and views on politics: there are no right or wrong answers.
- You can pass on any of the questions if you feel uncomfortable.

Biography

1. Please confirm your age.
2. Where were you born and where did you grow up?
3. What is/was your parents' occupation?
4. Please tell us a bit about your education (prompt: state/private) and any further/higher education (prompt: highest degree).
5. Marital status and (when applicable) spouse's occupation.
6. Do you have any children? If so, where do/did they attend school (state/private)?
7. Do you have any (other) dependents?
8. Can you describe briefly (2 or 3 sentences) your current role and what it is that you do?
9. What has been your career trajectory? How have you progressed in your career? Have you been happy with that progression? (Prompts: advancement points? Headhunted or applied directly for jobs? Salary increases? Promotions? Reasons for breaks or changes.
10. When have you been happiest at your job and when have you been the most discontent? Why? How have you kept motivated?
11. Has the last economic crisis affected this progression in any way?
12. What do you think is the effect of your current work on society at large?

Perceptions on inequality and social distance

1. Do you think inequality has risen in the past few years? If so, in what ways is it noticeable?
2. How do you feel about inequality? Is it something to be concerned about or is a level of inequality inevitable, or even necessary?

3. What do you think are the primary causes of inequality? Why do you think the less well-off are less well-off in the first place?
4. Now I am going to read three statements: Please tell me whether you agree or not, and whether you would like to qualify/comment on them.
 - a. Statement one: the richer the rich, the more all of society benefits, including the poor
 - b. Statement two: inequality is negative for the whole of society, even for the rich
 - c. Statement three: broadly speaking, if you work hard you will succeed in [country]?
5. Do you believe the last economic crisis affected inequality in any way? If so, how?

What should be done?

1. Is a more equal society inherently desirable? If yes, why? If no, why not?
2. Do you think those with more resources have a duty of care for those with fewer? If so, is this a matter of social justice (compensating for the effects of an unfair society or good fortune) or simply a moral thing to do (benevolence, charity)?
3. What role do you think the government has with regards to inequality?
4. What is your view on taxing the rich to support the less well-off? Is it done at an adequate level?
5. What type of taxes are preferable (income, inheritance, corporation, housing, VAT)?
6. What is your opinion on the provision of social welfare in [country]? Is the provision at an adequate level?
7. What is your opinion on universal public services (as opposed to means-tested)? and universal basic income? (Provide explanation if needed)
8. What role do you think the private sector has with regard to inequality, if any?
9. What role do you think wealthy individuals have with regard to inequality, if any?
10. Do you think inequality has had an impact on [country's] politics in recent years? If so, what impact?
11. Is there any current societal tendency that makes you worry about your country or your future in it, whether inequality or any other?
12. Are you optimistic or pessimistic about [country's] future?
13. Has your view on any of these topics changed over the years? If so why?
14. What are your influences in terms of these topics? (e.g. journals/newspapers/role models, etc.)

Social and political behaviour

1. Do you volunteer or donate to any charity? if yes, which, how often, and why?
2. Do you use or have you recently used any public service or benefit? (e.g., education, health, pension, benefits). Do you ever use private healthcare?

3. Do you vote? If so, do you vote in every election you are eligible to?
4. Do you feel there is a particular party which best represents your views?
5. If you do vote, which party did you last vote for? And which party would you vote for in the future?
6. Are you a member of any political party or organisation? Do you donate or support them in any way? If so, why?
7. Have you participated in protests or signed petitions in the past? If so, which?
8. Are you a member of a trade union or professional association? How important is that for you?

Self-perception and action

1. Do you see yourself as privileged in any way? If yes, how so? If no, why not? And in comparison to your parents when they were your age?
2. Do you feel comfortable with your current financial position?
3. What role do you believe these three factors have had in determining your current status? 1. Hard work, 2. Good decision-making, 3. Good luck.
4. How do you see yourself in terms of income? Where do you think you fit (about average, top 25%/10%/5%/1%)?
5. In this list of income brackets (gross, cash only), where would you fit?
6. – [country]: below [insert amount] (bottom 80%) / up to [insert amount] (80-90%) / up to [insert amount] (top 10%) / up to [insert amount] (top 6%) / up to [insert amount] (top 3%) / up to [insert amount] (top 1%).
7. (Contrast response with data) Do you find this surprising? If so, how?
8. In general, do you have any interaction with people whose socio-economic backgrounds are substantially different from your own? If so, when and how?
9. It is said of some countries that they are very socially divided, that the rich and the poor live in very different worlds. Would you say that is a problem in [country]?
10. If that is the case, how do you think we could address social distance among different groups?

Biography (at end of interview)

1. Do you own a house, a second home, stocks, savings, and/or a vehicle?
2. Are there any other perks that you receive from your current job? (e.g. private medical care, memberships, pre-tax donations/vouchers, pension plan).
3. Does your spouse have any substantial wealth and income (if applicable)?
4. Do you have or expect to have a family inheritance?

Closing questions

1. Is there anything that you would have liked us to ask you or to discuss that we didn't?
2. Can you think of anyone else who would be interested and/or available to speak to us?

End of interview.



This report develops our understanding of what the top 10% think should be done, if anything, about inequality in general and to help themselves and their families. As such, it informs the debate on how to increase support for investment in public services and how to create stronger ties across income groups. Both of which should generate greater solidarity in a post-pandemic world.

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