

# INEQUALITY IN THE UK IN COMPARATIVE PERSPECTIVE

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## ABSTRACT

We use the secondary analysis of the European Union Statistics on Income and Living Conditions (EU-SILC) to examine inequality in the UK compared with other EU countries and to analyse how inequality has changed over the period from the start of the great financial crisis in 2008 to 2015. The analysis compares inequality in market income, gross income and disposable incomes, and measured inequality using the Gini coefficient, 80/20, and 90/10 ratios. It includes an analysis of the impact of cash benefits and direct taxes on market income and how the composition of households in different parts of the income distribution has changed over time. In addition inequality within the EU is explored. We conclude with a discussion of what contribution the EU itself through its own institutions and policies plays in mitigating market inequalities. We find that the distribution of market income in the UK is comparatively unequal, but the UK's relative position on disposable income is greatly improved, due to an effective system of direct taxes and transfers. The conclusions remain broadly similar for all the inequality indices that are considered. There is evidence that households with children have moved down the distribution between 2008 and 2014 and aged households have moved up the distribution in most EU countries including the UK. We conclude that EU policies have relatively little impact on inequality and that inequalities can really only be tackled using national redistributive policies.

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