Inequality Knocks

26 January 2025

Identifying and mitigating the risks of wealth inequality in the UK

Report of an expert roundtable held at King's College London on 1 November 2024

About this report

This report summarises the discussions from an expert roundtable held at King's College London on 1 November 2024, on identifying and mitigating the risks of wealth inequality in the UK.

The online version of this report is at https://fairnessfoundation.com/inequality-knocks.

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Thank you to our 25 participants for their time, energy and insights. We very much hope that they remain involved in the next phase of this project. As the workshop was held under Chatham House rules, we are not disclosing their identities or institutional affiliations.

About the organisations

The Fairness Foundation works to change the debate around fairness in the UK. We work to persuade politicians of the importance of reducing inequality in the UK, by building and popularising a vision for a fairer Britain that can attract broad support (the *moral* case), demonstrating that the public are more concerned about inequality and supportive of action by government to tackle it, and less divided in their views, than we think that they are (the *political* case), and showing that tackling inequality must be a national priority, by promoting evidence of the various ways in which inequalities undermine sustainable economic growth, social cohesion, democracy and action on net zero (the *policy* case).

The Department of War Studies at King's College London is one of the only academic departments in the world focused on understanding the complex realm of conflict, security, and international politics through inter-disciplinary teaching, research and engagement. The Future Threats Lab is a collaborative research, learning and creative space within the Department of War Studies. Taking a human-centric approach to the most serious threats facing communities and habitats worldwide, we bring together a diverse range of scholarly, policy, security, ethical and artistic perspectives within King's and beyond.

The Policy Institute at King's College London works to solve society's challenges with evidence and expertise. Part of the Faculty of Social Science and Public Policy, we combine the rigour of academia with the agility of a consultancy and the connectedness of a think tank. Our research draws on many disciplines and methods, making use of the skills, expertise and resources of not only the institute, but the university and its wider network too.

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Background

Britain is a wealthy country, but its wealth is increasingly concentrated in few hands. While wealth inequality has remained high but fairly stable in *relative* terms over recent decades (with the richest 10% owning about 60% of the UK's wealth), substantial rises in the value of assets led to a 50% increase in the size of the *absolute* wealth gap between the richest and poorest households between 2011 and 2019.

As a result, wealth – or its absence – has a bigger impact on people's lives than ever before, from their housing to their health. The fact that much wealth is unearned raises serious questions of fairness, but the size of the wealth gap also has demonstrably negative impacts on our economy, society, democracy and environment.

The Fairness Foundation's Wealth Gap Risk Register documents 41 negative impacts of wealth inequality in the UK (alongside 29 policy responses), and suggests that these existing impacts will worsen in the future as the wealth gap continues to increase, unless action is taken to mitigate them.

On 1 November 2024 the Fairness Foundation, the Future Threats Lab at the Department of War Studies, and the Policy Institute at King's College London convened a one-day workshop for 25 senior stakeholders from the worlds of politics, government, academia, business and civil society.

Its purpose was to examine the evidence for the risks posed by wealth inequality in the UK to our society, economy, democracy and environment, and for the ways in which those risks can be mitigated through government policy.

A specific aim was to explore to what extent this diverse group of people had a shared diagnosis of the risks and shared views on the most effective and realistic mitigation strategies.

Participants were invited to evaluate three possible futures for the UK when thinking about risks and mitigation strategies, with a particular focus on the impacts of wealth inequality on the fabric of British society:

Future 1: Stabilisation Wealth inequality is reduced, and social cohesion improves

Future 2: Decline Wealth inequality is maintained, and social cohesion gradually worsens

Future 3: Collapse Wealth inequality increases, contributing to societal dysfunction, unrest or conflict

We followed up the report in January 2025 with some polling with Opinium, to explore how the British public feels about the influence of the very wealthy on politics.

The polling found that 63% of Britons think that the very rich have too much influence on politics in the UK (compared to 40% who think the same about businesses and religious organisations, and 38% for international organisations like the EU and UN).

The view that the very rich have too much influence on UK politics was most widely held by people who voted Lib Dem at the 2024 general election (78%), followed by Labour (67%), Reform (65%) and Conservative (56%).

Download the full data tables (xlsx)

Executive summary

A consensus of concern

We did not expect a varied group of 25 people from a range of sectors and backgrounds to agree from the outset that wealth inequality poses a major risk to British society. But this is exactly what happened. When we carried out a quick straw poll, everyone in the room - without exception - thought it plausible that growing wealth inequality could be a major driver of societal collapse in the UK within the next decade.

Over three structured sessions, we asked participants, working together in small groups, to identify the direct and second-order consequences of wealth inequality in Britain today (a ‘futures wheel’ exercise); to think about what might need to happen for British society to collapse within ten years, and what role wealth inequality might play in this (a ‘backcasting’ exercise); and to identify and prioritise potential interventions to avoid such a scenario and to build a more hopeful future (a ‘roadmapping’ exercise).

This short report summarises the points made by participants during the workshop.

Teetering on the brink

The first session, on the consequences of wealth inequality, revealed deep concern about the ways in which wealth inequality is destabilising British society. One participant described Britain as ‘an alcoholic… one shot away from catastrophe’. Despite efforts to ‘right the ship’, there was agreement with the suggestion that we are currently on a trajectory of decline, with wealth inequality undermining social cohesion and a risk of further deterioration without intervention.

Participants discussed how institutions are being systematically weakened, through multiple mechanisms. The government’s ‘business model’ is broken, being over-reliant on revenue from taxing income, with insufficient revenue raised from taxing wealth. Public services are deteriorating, undermining the ability of the state to meet people’s basic human needs such as health and social care, education and housing. The social contract has demonstrably collapsed, along with public trust in government and democratic institutions, and people’s belief in the willingness and ability of mainstream politicians to improve their lives. Wealthy interests have effectively captured media and political narratives, using their dominance of the national conversation to argue that the status quo is the only way, but it is increasingly clear to everyone that this is not the case.

In the absence of genuine alternatives or any sense of real hope being offered by mainstream politicians, people are unsurprisingly turning to populists who provide easy answers and tempting scapegoats. The political system has neither the will nor the ability to think and act in the long-term interests of the country, or to consider wide-ranging structural reforms instead of narrow fixes. The speed with which the problems are mounting up far outstrips the pace at which institutions try to keep up with them.

Without decisive action to address wealth inequality and its consequences in the coming years, the UK risks entering a period of deep social deterioration that will affect everyone, however wealthy they are.

A range of possible triggers

The second session examined what events or trends over the next decade might contribute to full-blown societal collapse in the UK, and the role of wealth inequality in driving or exacerbating this risk.

Multiple pathways to disintegration were identified, with potential triggers including economic crises (such as runaway inflation and currency collapse) to climate events (such as a catastrophic failure of the Thames Barrier, or crop failures elsewhere in the world) and technological disruption (such as AI-linked mass unemployment and advances in quantum computing ending privacy as we know it). The behaviour of elites provides warning signs, with tech leaders who are buying up bunkers in New Zealand described as ‘canaries in the coal mine’.

Several theoretical frameworks identify rising wealth inequality as a driver of societal disintegration and collapse. Peter Turchin collates historical evidence to argue that growing poverty combined with wealth inequality and ‘elite overproduction' tends to result in societal collapse in the absence of determined action to avert it. Today we see political and economic ‘counter-elites’ aligning – most notably in the shape of Trump and Musk in the US, but also in the UK – around a narrative that speaks to popular discontent with wealth inequality, while proposing solutions that will dramatically worsen it and increase the risks of societal breakdown.

Quick fixes and deeper changes

In the third and final session, participants looked at what interventions would be most effective at mitigating the risks posed to society by rising wealth inequality.

Political leaders are under enormous pressure to deliver quick and measurable improvements to living standards. However, rising inequality coupled with declining public services makes it increasingly hard to deliver these results through ‘sticking plaster’ approaches that aim to fix one specific problem without attempting deeper reform of systems and institutions. As one system or service starts to fail, it increases pressure on other systems and services, creating a vicious cycle. Piecemeal solutions will not stop the rot; only a comprehensive approach to tackling the underlying issues will deliver the progress needed. And wealth inequality is one such underlying issue.

The challenge, therefore, is to find ways to achieve short-term progress while rapidly building the coalitions needed to overcome the many obstacles to more fundamental institutional reform. These coalitions must include the public, and rebuilding public trust requires political leaders to set out a compelling vision of what constitutes a ‘good society’ and how they will rebuild the social contract.

Sequencing is difficult. The most urgent actions are not necessarily the easiest to introduce. Taxing wealth is necessary to both generate more revenue to rebuild public services and rebuild public trust in politics. However, making this happen at the scale needed is hard to do in the face of determined resistance from vested interests. Standing up to them requires reforming our political system, for example by strengthening our inadequate lobbying regulations. These political reforms are therefore a priority. If implemented effectively, they can yield the double benefit of helping to restore public faith in the political system while reducing the barriers to deeper structural reforms.

Many other deep-seated changes are needed to deliver lasting and significant improvements to people’s life chances and outcomes. All involve some level of spending, but not all are hugely expensive. Fixing our dysfunctional housing and employment markets mainly requires our political leaders to have the political courage and vision to act boldly in part by relinquishing control – to act in the interests of the long term, and to devolve power down to the local level.

Reasons for pessimism and hope

There are plenty of grounds for pessimism.

On a practical level, driving through deep-rooted and broad-based reforms to multiple interdependent systems is extremely challenging. Political courage seems scarce, with short electoral cycles discouraging long-term thinking. In a widely recognised era of polycrisis, we should be at an inflection point where we start to take radical action in response, but this is not happening. This is in part because of an ongoing failure of our politics and society to recognise the problems, let alone agree on the solutions.

‘Sometimes paranoids have all the facts’, noted one participant drily, pointing to the accelerating pace of negative impacts from consumption, carbon emissions, big tech (both a risk itself, and an accelerant of other risks) and other sources, and contrasting this with the glacial response of government – ‘like taking a pea-shooter to a gunfight’.

Perhaps most worrying is how wealth inequality makes society more vulnerable to other threats while simultaneously reducing our capacity to respond. From climate change to technological disruption, each challenge becomes more dangerous in an unequal society with eroding institutions and declining trust.

However, there are also reasons to be cautiously optimistic about the potential for progress.

For a start, there are precedents for radical reforms that have transformed society for the better (even if many of them have emerged from war, revolution or plague, as Walter Scheidel has observed). The most obvious recent example is the 1945 creation of the welfare state, but Turchin also points to how Britain in the 19th century avoided the revolutions that swept continental Europe through a series of enlightened economic and political reforms, such as the Great Reform Act and the repeal of the Corn Laws.

Reducing the risks posed by wealth inequality to society requires action to be taken to reduce the size of the wealth gap in the UK, but it can be achieved in part by reducing the negative impacts of wealth inequality on people's lives. Participants discussed how Finland and several other Scandinavian countries have high levels of wealth inequality, but have achieved low levels of income inequality, and a high standard of living for those with less wealth, through investment in strong public services and an effective social safety net. Wales shows how long-term thinking can be embedded into all levels of public life through legislation, with its Wellbeing of Future Generations Act.

Ultimately, there was a recognition that progress at a level equal to the scale of the challenge is almost impossible without finding ways to reduce the influence on political decision-making of those with the most power and a vested interest in the status quo. But if this can be done, there is huge potential. Societies are complex adaptive systems, so small changes can have disproportionate impacts. Often this dynamic works to the disadvantage of those who push for social progress, but it can also be harnessed in a positive direction.

Plans for future work

Several participants at the workshop pointed out that getting a group of experts into a room to propose top-down solutions is not, on its own, a sufficient response. We need to engage with people who have more right to be pessimistic about society than a group of relatively privileged policy professionals.

With that in mind, and building on an existing evidence base of academic and public policy research on the risks of wealth inequality and how to mitigate them, we now plan to study in more depth what the public thinks about these issues. We will shortly be submitting funding applications to carry out quantitative and qualitative research on public attitudes in this area.

We plan to use a participatory futures approach to help people to imagine the future in a realistic and grounded way. We want to better understand how views vary based on demographics (including people's wealth) and political beliefs, and how best to engage different segments of the population on both the risks of wealth inequality and how they can be mitigated. A particular objective of this attitudinal research will be to shed more light on how wealth inequality is undermining faith in mainstream democratic politics and the social contract, and how best to reverse this process. We will be looking in particular, but not exclusively, at the impact of wealth inequality on younger generations.

Session 1 / The consequences of wealth inequality

Scenario

Future 2 (Decline): Wealth inequality is maintained, and social cohesion gradually worsens

This scenario is the status quo outlined in the Wealth Gap Risk Register – the trajectory which we are on at present in the UK, based on the best available evidence. The report suggests that the negative impacts of wealth inequality on our society, economy, democracy and environment are not just hypothetical future risks, but rather impacts that have already been realised. Because there are plenty of reasons to expect that the wealth gap in the UK will continue to widen over the coming years, the obvious risk is that each of these existing impacts worsens over time. And since many of these impacts interact and reinforce each other, just as different forms of inequality intersect and exacerbate each other, it is not unrealistic to speculate that we could see the negative impacts of wealth inequality snowballing in the UK over the next couple of decades, and beyond, if action is not taken to reduce the wealth gap or to mitigate its impacts (or ideally both).

While there is limited public awareness of the ways in which wealth inequality undermines economic growth, and the meritocratic mindset retains a strong grip on worldviews, most people have an intuitive understanding that the increasing wealth gap is unfair in terms of both its causes and its consequences. Growing popular disengagement and distrust with politics is in part driven by this awareness, and is already damaging our democracy and social cohesion, with a real risk of much worse to come in the future.

Questions for discussion

Can you identify some of the direct results that wealth inequality is already having in the UK, or that seem likely to happen in the next one to five years)?

What might the second-order consequences of those direct impacts be over this timeframe, and how might they interact?

Summary of the discussion

The first session revealed how wealth inequality acts as both **driver and amplifier** of societal challenges. One participant described the UK as ‘an alcoholic that is one shot away from catastrophe’, though others noted there are still forces working to ‘right the ship’.

The systematic erosion of **public trust** in institutions, which has declined sharply since the 1980s, was a central topic of discussion. The dynamic appears to be self-reinforcing: as wealthy individuals and organisations control the narrative through media ownership and lobbying, public trust deteriorates further. The example of Elon Musk's acquisition of Twitter was cited as a deliberate attempt to ‘control the truth and the conspiracies’.

The workshop identified a negative feedback loop in relation to the government’s **ability to improve people’s lives**. Due in part to its failure to tax wealth effectively, the government lacks sufficient revenue to uphold the social contract by which strong public services, an effective social safety net and a healthy economy provide people with decent living standards. This creates a vicious cycle: public services deteriorate due to underfunding, living standards fall, public trust in politics declines further, politicians avoid honest discussions of the underlying problems and what to do about them, and the system's legitimacy is increasingly questioned. This allows populists allied to wealthy funders to take control of the narrative and to deflect attention away from the negative impacts of wealth inequality, thus undermining efforts by government to break the cycle through tax reforms and other initiatives to combat wealth inequality.

Economic **stagnation**, combined with high levels of inequality, is now a feature of Britain. A visible indicator of economic health is the ‘crane index’ - the number of construction cranes visible in central London - which has decreased markedly in recent years, suggesting declining investment confidence. Participants drew parallels with pre-crisis situations in other countries, such as the 2019-2020 Chilean riots that were triggered by subway fare increases but were rooted in deeper inequalities.

We live in a society where belonging to a particular group is becoming more important than competence or service delivery. This manifests through growing **polarisation** between different social groups, the rising prominence of conspiracy theories, and the breakdown of traditional community structures. In London, rising costs are breaking up established ethnic communities and changing the cultural fabric of neighbourhoods. Politicians who focus on delivery and managerialism, in the mistaken belief that having a big vision is risky or a distraction from the real issues, fail to see how these trends demand a bolder style of politics that draws people in and transcends the divisions stoked by culture warriors.

Early childhood **education** provides a stark window into broader societal issues. Teachers report children arriving at school lacking basic developmental milestones - unable to hold pens, with short attention spans, not being toilet trained. This reflects many parents' inability to invest time in their children because they have to work long hours to make ends meet, shifting the burden of primary socialisation onto already strained schools. The education system is being asked to do much more than it should, because of the burdens of inequality. The same is true of the health service, the social security system, the criminal justice system, and so on.

The concentration of **power** is a crucial issue. The UK's unusually large and poorly regulated lobbying sector allows wealth to translate directly into political influence. This concentration manifests through strong pushback against even modest attempts to better tax wealth, the defence of vested interests in areas such as housing and land reform, and the decline of counterbalancing forces like civil society organisations.

The **psychological** consequences were also discussed. Wealth inequality robs people of hope for the future, creates a sense of entrapment and reduced ambition, and influences how people view their own agency and possibilities. This also reduces people's willingness to engage in democratic processes, to believe in the possibility of positive change, and to have faith in the power of governments to deliver this.

Why are political parties not making the tackling of socio-economic inequality a focal point of their policy platforms? The **short-term** nature of electoral cycles discourages tackling long-term problems like inequality, particularly when there are active disincentives to address it.

There was widespread agreement that wealth inequality represents a fundamental **challenge** to social cohesion, democratic functioning, and institutional stability. Any potential positive aspects of wealth inequality, such as increased philanthropy, are wildly insufficient compensation for the broader negative impacts. The interconnected nature of these negative consequences suggests that addressing wealth inequality requires a similarly interconnected and comprehensive response.

Session 2 / Is societal disintegration possible?

Scenario

Future 3 (Collapse): Wealth inequality increases, contributing to societal dysfunction, unrest and/or conflict

The future scenario presented to participants in our second session assumes that wealth inequality has continued to worsen over the next eight years, and many of the consequences noted in our first session are coming to pass. In addition, the global context has not significantly improved: events in the UK are occurring against a backdrop of climate crisis, regional wars and hostile relations with Russia and its allies, international financial instability and trade disruptions, paralysis within international institutions, disinformation campaigns, disruption due to new technologies, and growing nationalist movements around the world.

By 2032, large parts of the UK appear to be on the verge of a breakdown in public order and government function. The 2029 election returned Labour to power but only by the barest margins, and the party is severely divided in how to respond to the crisis. The Conservatives and Liberal Democrats have been joined in opposition by the New Britain Alliance party, which has rapidly attracted members and funders as the crisis has intensified. The NBA is promoting narratives helping to fuel protests and violence, and recent polling suggests that a snap election held today could catapult the NBA leader into Number 10.

The most affected regions are mid-sized to large cities, which are experiencing violent riots and clashes between opposing protestors; organised attacks on government buildings and corporate offices; food and fuel shortages; overwhelmed health services; and transport breakdowns due to unexpected weather events. London is experiencing most of the above, although with more resources to address the crisis, but is also experiencing violence and unrest from out-of-area protestors and rioters. A number of market towns and smaller communities are not experiencing violence, but the growing breakdown of government and order has led to the ‘emergency takeover’ of local governments by branches of the New Britain Alliance party. In rural areas, food and fuel shortages are severe, and those with means are relocating to other areas in search of aid. In Northern Ireland, the crisis has escalated the debate over whether to hold the unification referendum; in Scotland and Wales, independence movements are rising in popularity.

Questions for discussion

Thinking of the period between now and this scenario in 2032, what sorts of events and trends would need to take place for this scenario to occur?

Thinking about the potential consequences of wealth inequality we have discussed so far today, which are most relevant for this scenario?

Summary of the discussion

The second session explored whether and how wealth inequality might contribute to societal disintegration in the UK by 2032. No one suggested that this scenario was far-fetched. However, it was suggested that disintegration be understood as a **process** rather than a single event, as history has shown on many occasions, one example being Liberia's experience in the 1980s.

The discussion identified several potential triggers for such a scenario. One suggestion was Tommy Robinson's hypothetical death in prison becoming a catalyst for far-right mobilisation. If subsequent protests led to fatalities, this could normalise **political violence** for many years. This scenario is plausible because increasing numbers of people see conventional political processes as being ineffective, making violence appear a more legitimate alternative.

Possible **economic triggers** include hyperinflation, the collapse of the pound, capital flight, huge fuel price rises, and a collapse in the value of pensions. AI-driven unemployment could uniquely affect Britain, particularly damaging London's role as ‘the banker of Europe’ and potentially leading to ‘10 million scale unemployment'. When things started looking bad, capital and corporate flight would accelerate the decline: 'if you can move a car factory, you can move just about anything'.

There are several potential **climate and environmental triggers**. The potential failure of the Thames Barrier emerged as a specific concern, with some suggesting that such an event might even spark religious revival movements. Food security issues and resource scarcity would have a disproportionate impact on less wealthy groups. There is a troubling trend of oligarchs and investment corporations like BlackRock and Vanguard buying up agricultural land.

Political triggers are extremely plausible, with a 'knife-edge' election in 2029 set to be crucial, and a massive crisis of the two-party system not unlikely. Some suggested that post-election riots might lead the next government to take steps that would damage democracy, such as introducing policies to disenfranchise those not born in the UK, while others foresaw the rise of a more competent far-right politician than Nigel Farage.

The **international** context is crucial. The 2024 US election could drive further polarisation and lead to American isolationism, emboldening Russia (the workshop took place four days before election day). The Israel-Hezbollah war could trigger refugee crises, as could crop failures in countries like Egypt. The Ministry of Defence's flagship future threats analysis, *Global Strategic Trends 7 (2024)*, includes scenarios in which non-state actors gain more influence in political vacuums caused by societal collapse.

Technology is both a threat in itself and an accelerant of societal disintegration. Quantum computing could end privacy as we know it, while AI is likely to erode middle-class careers. We could see a 'Chinese-style' system of technological control in response to unrest. Mainstream media outlets are increasingly seen as less truthful and are playing 'catch up' to alternative sources like social media and Telegram, which often provide a platform for more extreme worldviews.

Societal disintegration would be likely to manifest differently across different **regions** of the UK, with some areas becoming 'tinderbox' zones. This could resemble Lagos-style social stratification, where high-security areas experience no social disorder while other areas deteriorate rapidly. The alienation and marginalisation of rural communities could give rise to anti-city 'tractor riots'.

The behaviour of societal **elites** is a particularly worrying trend. Wealthy individuals are already preparing for collapse, with some Silicon Valley leaders purchasing New Zealand bunkers. We should see these trends as 'canaries in the coal mine'. Another concern is brain drain, with skilled workers likely to leave in a scenario of increasing social unrest, and to have little incentive to return.

The consensus view among participants was that while complete societal collapse might be unlikely, significant disintegration was plausible by 2032 without intervention to tackle wealth inequality and related challenges. Wealth inequality acts as both a direct driver of disintegration and as a '**threat multiplier**' that makes society more vulnerable to other destabilising forces.

Traditional **assumptions** that social stability will prevail, based on recent historical precedent, are no long safe, given the unprecedented combination of challenges and the accelerating pace of change. There is a yawning asymmetry between the speed of technological and social change and the pace of governmental and institutional adaptation. Disintegration itself is rooted in the fact that the conventional political processes and wider narratives are no longer working for people.

Session 3 / How can we avert disaster?

Scenario

Future 1 (Stabilisation): Wealth inequality is reduced, and social cohesion improves

In this scenario, the situation in the UK in 2032 has significantly improved from today. These improvements helped Labour retain power in the 2029 election, and fledgling movements like the New Britain Alternative Party remain marginal actors. Surveys show a higher level of public trust in government and public institutions, and a perception that the political sphere is less corrupt than it used to be. All of this is a great benefit to the UK government as it tries to cope with a global context that remains very challenging.

Key improvements include: less pressure on the social safety net due to fewer people requiring support; a better functioning NHS and other public services; more people able to take up education and training; the curtailing of the rising costs of housing, energy, care and childcare; and perceived reductions in racial, gender and generational inequalities. Some serious challenges remain, but there is a sense that the UK is 'on the right track' toward becoming a more stable and fair society.

While progress across many issue areas has contributed to this positive future, this exercise focused on wealth inequality specifically. The scenario presumes that wealth inequality has been reduced in Scenario 1, and that this is both a causal driver and a consequence of social stabilisation.

Questions for discussion

What are the key interventions necessary to advance toward the positive vision of Future 1, focusing specifically on the issue of wealth inequality?

Do some interventions need to come before others? Which ones are most critical?

Can some interventions be combined into single initiatives?

What are the barriers to achieving these interventions?

Are there specific bottlenecks in your roadmap?

Are there gaps in the roadmap?

What sorts of activities can be undertaken to encourage these interventions to happen?

Who are the key stakeholders that can help deliver the roadmap?

What are the most important initial steps to be taken?

Summary of the discussion

The final session focused on identifying concrete interventions to prevent societal disintegration and address wealth inequality.

A key underlying problem is the **economic logic** of perpetual consumption and perpetual profit, with the ideal of infinite growth confronting a reality of finite resources. New models are needed, based on principles that give equal weight to ecological sustainability and wellbeing as to growth and profit.

Revenue generation is a key priority. This requires the more effective taxation of wealth, and not just of high earners. There are significant implementation challenges, not least the need to move on from a Victorian-era tax system more broadly, and a great deal of political courage is needed to overcome the inevitable pushback from interest groups.

Housing is a critical intervention area, with calls for increased house building, social housing subsidies, and planning reforms. The UK has more school property per child than any other country in Europe, suggesting that there is potential for creative solutions to the housing crisis. But clever wheezes won't be enough; deeper structural reforms are needed, which, again, requires tackling powerful vested interests.

Education was discussed in depth, with a particular focus on private schools. Some suggested gradually abolishing private schools by incentivising them to become state schools; economic turmoil might accelerate this process. One participant observed that the UK should have used the COVID-19 pandemic to nationalise private hospitals, suggesting that similar opportunities might arise for education.

Democratic renewal and devolution has to be part of the policy response to wealth inequality. Participants called for empowering local decision-making through improved community engagement and hyper-local mechanisms. The need for long-term thinking was stressed repeatedly, with suggestions to take certain issues out of electoral cycles and create institutions focused on future-oriented policy.

Several measures to '**derisk life'** were proposed, including a universal basic income, a four-day work week, and public wealth funds made accessible to small businesses. There were many international examples to draw on; for example, countries like Finland have high levels of wealth inequality but low levels of income inequality and high standards of living, in part because of strong public services and an effective welfare system and social safety net. This arrangement came about through a deal struck by social democrats and conservatives, allowing wealthy individuals to retain their wealth in exchange for not opposing social reforms.

Historical precedents featured prominently, for example in a discussion about the factors that gave birth to the welfare state in 1945. Unfortunately, many of the enablers of change during this period, such as the unifying post-war threat from communism, and the needs and desires of those who had fought and those who had struggled at home, no longer apply. Today's generation of politicians must also confront new challenges, such as the climate crisis and the pressures of an ageing population.

Changemakers - whether inside or outside politics – need to build **constituencies for change**. As one participant noted, 'if you aren't at the table, you are on the menu'. So far, we have not seen the emergence of a broad-based anti-inequality coalition that has both the interest and the power to effect change, and to overcome the counter-arguments and resistance of powerful groups with vested interests in maintaining the status quo. Building broad coalitions is crucial for overcoming political inertia. These coalitions can be designed to appeal to a broad range of groups, with a focus on 'win-win' solutions such as rebuilding public services and reducing poverty, rather than necessarily leading on reducing inequality as the key unifying call to action; but action to reduce inequality must be at the core of the vision and the agenda.

Politicians must set out a popular **vision**, rather than retreating into the perceived safety of managerialism and 'deliverism'. This must include defining what constitutes a 'good society' and a meaningful social contract before seeking to implement specific solutions. Coherent narratives can help to counter rising nostalgia and populism, and to overcome the political and media opposition that kills many policy proposals before they get anywhere near to being implemented. Misperception by politicians of public attitudes is also a problem, and likewise the inertia caused by politicians' desire not to annoy voters. One way around this would be to legally mandate the consideration of long term issues and the interests of future generations when designing and implementing policies, as has been legislated for in Wales.

This final session concluded with a **debate** about whether these sorts of interventions could succeed in time to prevent serious societal deterioration. While some saw hope in the comprehensive nature of proposed solutions, others worried about implementation challenges and political feasibility. As one participant pointed out, 'we should be at an inflection point, but we aren't'. Changing this will require political leaders to find ways to deliver rapid improvements to people's lives while starting to enact more fundamental reforms that are necessary for long-lasting and deep-rooted progress.

Appendix / Briefing book for attendees

Introduction

Britain is a wealthy country, but its wealth is increasingly concentrated in few hands. While wealth inequality has remained fairly stable in relative terms over recent decades (with the richest 10% owning about 60% of the UK's wealth), substantial rises in the value of assets have dramatically increased the absolute wealth gap between the richest and poorest households to a level that is second only to the USA, among OECD countries. As a result, wealth – or its absence – has a bigger impact on people's lives than ever before, from their housing to their health.

The fact that much wealth is unearned raises serious questions of fairness, but the size of the wealth gap also has demonstrably negative impacts on our economy, society, democracy and environment. Contrary to the orthodox idea that inequality is necessary for a dynamic economy, growing evidence suggests that wealth stratification undermines productivity and growth. Wealth inequality also damages social cohesion and erodes faith in democracy. The Fairness Foundation's new report, the Wealth Gap Risk Register, documents 41 negative impacts of wealth inequality in the UK (alongside 29 policy responses).

The negative impacts of wealth inequality aren't just hypothetical future risks, but rather impacts that have already been realised. However, there are plenty of reasons to expect that the wealth gap in the UK will continue to widen over the coming years, so the obvious risk is that each of these existing impacts worsens over time. And since many of these impacts interact and reinforce each other, just as different forms of inequality intersect and exacerbate each other, it is not unrealistic to speculate that we could see the negative impacts of wealth inequality snowballing in the UK over the next couple of decades, and beyond, if action is not taken to reduce the wealth gap or to mitigate its impacts (or ideally both).

A 'Three Futures' Workshop

To explore the potential evolution and impact of wealth inequality in the UK, this workshop will engage participants in several exercises and group discussions, drawing upon futures and foresight methods commonly used today in government, business and civil society organisations. We start with the projection of three possible futures for the UK:

- *Future 1: Stabilisation* - Wealth inequality is reduced, and social cohesion improves
- *Future 2: Decline* - Wealth inequality is maintained, and social cohesion gradually worsens
- *Future 3: Collapse* - Wealth inequality increases, contributing to societal dysfunction, unrest and/or conflict

Current conditions in the UK are closest to future 2 (decline). There are high levels of wealth inequality, which is stable in relative terms but increasing in absolute terms. Combined with increases in other forms of inequality and exogenous factors like climate change and global violence, wealth inequality is contributing to a steady worsening of the cohesiveness and functioning of UK society.

Our immediate aim with this workshop is to explore the potential pathways to futures 1 and 3, and to explore the policy reforms that are needed to avert future 3 (collapse) and to create the conditions for a return to future 1 (stabilisation). We would also be interested in hearing from participants whether additional 'futures' should be considered as part of this project.

The next sections explain in more detail the UK's current position within Future 2, followed by additional context-setting for Futures 1 and 3.

Future 2: Levels of wealth inequality in the UK

Private wealth in the UK has experienced a remarkable surge in recent decades, with total household wealth more than doubling in recent years, from around three times national income in the 1980s to almost eight times national income today (£14.6 trillion). This explosion in wealth has been largely driven by passive factors, such as substantial increases in asset prices (which account for over 50% of wealth accumulated since 2006-08).

Francis Bacon, who coined the aphorism that 'wealth is like muck - only good when it is spread', would not be impressed by the extent to which this wealth is shared across the population. The distribution of wealth in the UK is much more unequal than income. This stark contrast is vividly illustrated by the Gini coefficient. Income inequality in the UK hovers around 35 on the scale (where zero represents perfect equality and 100 perfect inequality), but wealth inequality often surpasses 70 on the same scale, largely because wealth can be built up incrementally and over long periods.

Britain is not a complete outlier in this regard. Like other European nations, it experienced a dramatic decline in wealth inequality during the 20th century. Between 1900 and the mid-198os, the share of total wealth held by the top 1% fell from roughly 70% to 20%. Since then, wealth inequality has remained relatively stable, with the richest 10% of families consistently owning just over half of total wealth, in line with the OECD average. However, a dramatic rise in asset prices, coupled with huge disparities in asset ownership, has led to a substantial increase in the absolute gap in wealth between households.

The gap in total wealth between the top 10% and bottom 10% in the UK increased by 48% between 2011 and 2019 (from £7 .5 trillion to £11 trillion), while the equivalent gap between the top 10% and the middle 10% increased by 49% (from £7.3 billion to £10.8 billion). As well as growing over time, the UK's wealth gap is high by international standards; the size of the absolute gap between the wealthiest 10% in the UK and the bottom 40% is second only to the US, among OECD countries.

Wealth inequality also drives and magnifies inequalities across multiple other axes. Many minority ethnic households own substantially less wealth than their white British counterparts; a typical person from a Bangladeshi, black Caribbean or black African background has no significant wealth, in contrast to the typical white Briton, who has a household net worth of £140,000. This stark divide highlights deep-rooted historical and ongoing inequalities and discrimination, including (but by no means limited to) opportunities to accumulate wealth through home ownership. There is also an average wealth gap of over £100,000 between men and women, with an even larger divide among older age groups. Furthermore, wealth entrenches longstanding regional divides in England; the North is home to 30% of the population but only 20% of its wealth. These imbalances not only reflect historical inequalities but also perpetuate and deepen them over time.

People accumulate wealth throughout their lives. Naturally, older people will have more wealth than younger people. However, the significant disparities in wealth between generations exceed what might be anticipated from age differences alone. For most of the 20th century, each successive generation accumulated more wealth than the last, but starting with the post-war 'baby boomers,' each subsequent generation has amassed less wealth than the previous one did at the same age. According to the most recent statistics, people born in the 1980s had 20% less wealth in their early thirties than those born in the 1970s.

The impacts of wealth inequality in the UK

Many people lack a crucial financial safety net, with nearly a quarter of Britons either devoid of assets or grappling with debt. The poorest half of the population controls a mere 9% of the nation's total wealth, and the poorest 10% of households have a total net worth (including work pensions, vehicles, and household items, as well as financial and housing wealth) of £15,400 or less. For many, physical possessions are their only form of wealth, leaving them vulnerable to unexpected events. Around one in twenty households have negative net financial worth.

Living without the stability of some form of financial cushion has significant health consequences, particularly for people's mental wellbeing. People in debt are three and a half times more likely to experience mental health issues, such as depression, anxiety and stress, than those without financial difficulties. This can create a feedback loop whereby financial difficulties exacerbate someone's mental health problems, and poor mental health worsens their financial situation. While the data on inequalities of healthy life expectancy and overall life expectancy is based on measures of deprivation that do not explicitly include wealth, there are a range of indirect links between wealth inequality and physical health that suggest that the relationship is more likely to be causal than simply correlational.

Wealth also provides opportunities. The UK has a highly stratified education system. There are many ways in which the wealthy can buy advantage for their children, obstructing social mobility, from sending them to private schools to buying private tutors and sharing access to 'social capital'. And the absence of wealth is a direct barrier to opportunity, with deprived children on average 19 months behind their peers by the time they take their GCSEs; wealth inequality is a structural driver of this educational inequality, as explored in our earlier report, *Deepening the Opportunity Mission*.

Contrary to the orthodox idea that inequality is necessary for a dynamic economy, growing evidence suggests that wealth concentration significantly undermines productivity and growth. A lack of wealth creates barriers that prevents people from fully participating in the economy. This limits the potential pool of talent and innovation that contributes to economic growth. It can especially limit entrepreneurship, since wealth allows people to take the risks that are an inevitable part of building a new business. More broadly, an economy that is more focused on wealth extraction than wealth creation leads to much higher levels of financial engineering and speculation at the expense of investment in productive enterprise, which has a chilling impact on innovation, dynamism, productivity and growth.

These practices also perpetuate a cycle of precarity and disadvantage. Private equity acquisitions often prioritise short-term gains over long-term company viability and employee wellbeing, and rising corporate profits are used to boost executive rewards rather than wage increases or productivity enhancements. Combined with policies to suppress the power of trades unions, these mechanisms entrench hardship and poverty.

The recent surge in housing wealth has had complicated impacts. Before the 1980s, housing wealth worked to compress wealth differences, strengthening household capital formation and spreading it more equally. Since then, housing wealth has been a mechanism by which wealth disparities are exacerbated. While many homeowners have seen their wealth increase in recent decades, this trend has also created two big problems. Firstly, there has been a notable shift in investment patterns, with a disproportionate amount of capital flowing into housing rather than more productive sectors of the economy. The UK has one of the lowest levels of business investment in the developed world, contributing to its persistent productivity problem. Secondly, the rising cost of housing has put significant pressure on household budgets, reducing consumer demand in the wider economy. Millennials spend around 28% of their post-tax income on housing costs, whereas people of a similar age in the 1960s and 1970s typically spent 5-10% of their income on housing. The poorest fifth of households now spend over 39% of their income on housing costs, up from 30% two decades ago.

All of this not only make us less prosperous, less dynamic, and less innovative; it also leaves the UK more exposed to social and democratic decline. The social contract has been shattered by a combination of widespread poverty, a pervasive sense of insecurity among people most of the way up the income and wealth spectrum, and a concentration of wealth at the top of society. There is growing awareness not only of the scale of wealth inequality, but also of its unfair causes and its objectionable and damaging consequences, not least the way in which it undermines our democracy because of the numerous ways in which wealth can be used to wield political influence and power (as well as the other very obviously anti-social ways in which the wealthy often spend their money). Those with less wealth in the UK are more likely to believe they have no political influence and are much less likely to vote and participate in politics. Wealth inequality enables populists to harness popular resentment towards the wealthy so as to undermine faith in democracy, leading to a loss of state legitimacy. Sometimes this leads to political violence; it certainly seems likely that wealth inequality was an aggravating factor in the summer riots of 2024. Wealth inequality can thereby drive people towards more extreme political positions, damaging social cohesion and trust in politics, and increasing the risk of social unrest and, eventually, societal breakdown. There is also a strong positive correlation between wealth inequality and crime rates.

Wealth inequality presents a barrier to the achievement of net zero. People in the wealthiest 1 % of UK society emit 25 times more carbon dioxide equivalent emissions per head than people in the poorest 10%, and consume vastly more resources. A 1 % rise in the wealth share of the top 10% corresponds to a 0.67- 0.84% increase in CO_2e emissions. Meanwhile, the wealthy, whose financial interests (notably investments) are often closely aligned to those of fossil fuel industries, can use their influence on politics to block or water down action to reduce emissions. The impacts of wealth inequality on poorer households also make it harder to secure public support for an ambitious programme of decarbonisation.

Finally, the UK's institutional context makes wealth inequality much more harmful than in other countries with similar levels of wealth inequality but much better guardrails around it. For example, many Scandinavian countries have a significant wealth gap but have robust measures in place to reduce the ways in which wealth can be used to influence politics or otherwise hoard privilege, and to increase the services, protections and opportunities provided to everyone in society. The UK does not.

Attitudes to wealth inequality in the UK

Wealth is now arguably the most important economic dividing line in the UK. Despite its crucial role in shaping life chances and society generally, public awareness of wealth inequality and understanding of its impacts remain limited and fragmented.

Multiple studies have found that the public consistently underestimates the extent of economic inequality, especially wealth inequality. Generally, people overestimate the wealth of the poorest decile and underestimate the wealth of the top decile. Why? Our perception of the world is heavily influenced by our immediate surroundings and social circles, which are generally more homogenous (and therefore more equal) than national distributions. As a result, our understanding of economic disparities is primarily shaped by our local experiences and observations, limiting understanding of wider societal differences.

It follows that understanding of how the economy works is low. Research by NEON found that there is an intuitive understanding among the general population that the UK economic system is inherently 'rigged'. While people have a general sense of economic unfairness, they lack detailed understanding of the specific mechanisms and actions employed by wealthy elites to maintain and perpetuate this imbalanced system. This is not to say that people aren't aware of, and worried about, some of the negative impacts associated with wealth inequality. Polling that we carried out for this report finds that crime, the cost of living, and poor mental health are strongly linked in people's minds with the negative impacts of wealth inequality. There is much less awareness of the negative impacts of wealth inequality on growth, democracy, net zero and the tax system (although these issues were raised unprompted in follow-up qualitative research, as outlined in the attitudes section of this report).

These views often go hand in hand with underlying mindsets and worldviews that legitimise wealth inequality as the inevitable and even desirable by-product of a meritocratic system. The UK public has a high tolerance for wealth that has been earned through skill and hard work, and polling shows that people overplay the role of merit and undervalue the role of luck in influencing life outcomes. Wealth is often perceived as an 'achieved' and therefore legitimate attribute - a view that is enthusiastically promoted by a well-funded 'wealth defence' industry that lobbies hard to suggest that any measures to reduce wealth inequality are not only morally suspect but will damage growth and tax revenues, its arguments magnified by a media that is largely owned by wealthy beneficiaries of the status quo. In reality, however, about 60% of all private wealth in the UK is inherited rather than accumulated through work, and inherited wealth is becoming ever more important in determining people's life chances and outcomes. The large and very unequally distributed transfer of inherited wealth that is set to take place over the coming decades will dramatically increase the size of the wealth gap, which is likely to harden public attitudes towards wealth inequality.

A 2021 report from the King's Policy Institute, *Unequal Britain: Attitudes to Inequalities after Covid-19*, shared a number of critical and sometimes surprising findings on public attitudes toward inequalities in the UK.

There is a widespread belief that Britain was unequal before the pandemic - but there are large differences between political groups. Six in 10 Britons (62 per cent) believe that Britain was either somewhat or very unequal before the pandemic, compared with just one in eight (12 per cent) who believe the country was relatively equal. However, there are considerable and important differences in the degree to which different groups see society as unequal, particularly by political identities. For example, more than three times as many 2019 Labour voters (41 per cent) than Conservative voters (13 per cent) say that Britain was "very unequal" before the coronavirus outbreak. Similarly, almost twice as many Remain voters (32%) as Leave voters (18%) describe pre-pandemic Britain as very unequal. The intersection between these two identities is also important.

There is also a clear association between our political views and our level of concern about economic forms of inequality. When asked to think about income levels in Britain today, 81 per cent of people say that the gap between those with high incomes and those with low incomes is too large, compared with only 10 per cent who say that the gap is about right. Just 1 per cent say the gap is too small. Again, there is a clear interaction between party support and Brexit views: the belief that income gaps are too high runs from 94 per cent among Labour Remainers to 69 per cent among Conservative Remainers.

There are also relatively large differences between parties when it comes to the seriousness of inequalities in income and wealth, with a 19-point gap between Conservative and Labour voters on the issue (53 per cent vs 72 per cent).

Five in six people in Britain (84 per cent) would consider widening income inequality between those living in more and less deprived areas to be a big problem, and four in five (80 per cent) say the same about a growing gap between the incomes of rich and poor people. But fewer would consider rising income inequality between men and women (65 per cent), or between ethnic minorities and white people (67 per cent), to be a big issue.

It is important to recognise, however, that our attitudes towards inequalities are often based on a very shaky understanding of the true size of the inequality in question. We tested these misperceptions of economic inequality in a split-sample experiment by asking people about the distribution of household wealth: one half of the sample was asked about the share of wealth held by the richest 10 per cent, and the other half of the sample was asked about the richest 1 per cent of households. What is immediately noticeable is how many people say that they don't know: over four in 10 of both halves of the sample. The tendency among the remaining respondents was to significantly overestimate the concentration of wealth. Among those asked about the wealthiest 10 per cent of people in Britain, the average guess was that they own 66 per cent of the country's wealth - much higher than the actual figure, which the Office for National Statistics puts at 45 per cent.

But, even more strikingly, the average guess for the wealthiest 1 per cent in the country was 57 per cent, significantly more than the actual proportion of wealth held by this top group - 23 per cent- and not very different from the guess for the wealthiest 10 per cent. This suggests that the public only have a general, 'ordinal' sense of the extent of wealth inequalities: that top groups have 'a lot' of the wealth, and they are relatively insensitive to how that top group is defined.

Another key determinant of public attitudes toward inequality is the distinction between 'Structuralists' and 'Individualists'. Structuralists see factors beyond an individual's control as vital in whether they get ahead- for example, whether they come from a wealthy family or had access to a good education. Individualists strongly reject the idea that coming from a wealthy family, or a particular race or religion affect life chances, and, more generally, do not consider factors beyond the individual's control to be that important. There is a third group who are 'In the Middle' in two senses. They see outcomes as a mix of individual and structural drivers, but also don't have strong views on many aspects of inequality-nothing is 'very' fair or unfair.

These distinct worldviews shape how we see many key issues. For example, 65% of Structuralists think that discrimination is one reason Black people are more likely to be unemployed than white people, while only 33% of Individualists agree. This is not to say that Structuralists believe that individual effort is unimportant, or that we're entirely defined by our circumstances. In fact, there is a very high level of belief across all three groups in Britain that hard work and ambition should be rewarded - it's just that Structuralists think this is not sufficient to succeed.

It also helps explain some apparent contradictions in our attitudes. For example, all the way back to the early 1980s, a large and stable majority of around 80% of us have agreed that income gaps between rich and poor are too large in the UK. But, over that same period, only around 40% of us have agreed that the government should redistribute income from the better-off to the less well off. This gap between agreement there's an inequality problem and calling for action will be tied up in how we see it's causes: if we see it as largely down to individual effort rather than factors outside of the individuals' control, we're much less likely to see it as unfair and warranting government intervention.

Underpinning the issue of inequality is the fact that, according to the World Values Survey, the UK is experiencing low levels of trust in institutions. For instance, since the 1990s confidence in Parliament has halved. Perceptions of parliament were at their most positive in 1990, when 46% of the British public said they had confidence in it. By 2009, this had halved to 23%, before rising to 32% in 2018. But in 2022, confidence had fallen back to its historic low of 23%.

Meanwhile, 87% of Britons reported having confidence in the police in 1981 - but in 2022, this was down to 67%, similar to its previous low point in 2009 (68%). The share of the British public who said they had confidence in the press halved between 1981 and 1990, falling from 30% to 14%. Since then, perceptions have barely changed and remain persistently negative.

To conclude, the cumulative weight of research and surveys conducted by the Policy Institute and the Fairness Foundation leads to our assessment that the current situation in the UK lies closest to Future 2: Decline. The next sections will review why Futures 1 and 3 have been presented as alternative possibilities for the UK.

Future 3: The Worst-Case Scenario

Civilizations die from suicide, not by murder.
Arnold J Toynbee

Some may say it is overly pessimistic to consider a scenario in which societal dysfunction in the UK becomes so significant that internal conflict and/or collapse may ensue. Yet there is a growing body of literature on societal collapse that suggests we ignore this possible future at our own peril. This is doubly true given the weaponisation of 'civilisational collapse narratives' by extremist movements, in order to justify punitive and/or violent actions against specific social groups. A more pragmatic exploration of worst-case scenarios is necessary to generate credible policy solutions for averting disaster.

Societal collapse does not have a consensus definition in the academic literature, but is frequently interpreted as 'the rapid, uncontrolled, unexpected, and ruinous decline of something that had been going well before' (Bardi 2020) and 'a rapid, significant loss of an established level of sociopolitical complexity' (Tainter 1988). It is widely understood as a *process* rather than an *event,* likely taking place over an extended period of time, and with numerous contributing factors. A review of the historical and global record suggests that societal collapse is in fact a frequent occurrence, and while there is a lack of generalisable theory on the topic, competing frameworks have emerged to explain different varieties of collapse. Tainter's 'complexification' theory, for example, argues that societies may try to sustain themselves by accumulating ever-higher levels of bureaucracy and innovation, but eventually the costs of this complexity outweigh the benefits, leading to stagnation and collapse.

Inequality, and in particular wealth inequality, features in a number of explanatory frameworks for societal disintegration and collapse. One of the most prominent is that of Peter Turchin, who draws upon the historical record to argue that increasingly large numbers of people in poverty, within a context of 'elite over production' and social instability, tends to lead to some form of social collapse in the absence of determined action to avert it. Whilst there are rare examples of impending societal collapse being averted (such as Britain in the 19th century, which avoided the revolutions that swept continental Europe through a series of enlightened economic and political reforms), the impetus for these reforms has historically come largely from a recognition of the risks by political and economic power-holders, rather than due to pressure from the general population. This raises the question of whether power-holders in the UK today share an awareness of the risks of wealth inequality, or whether there is not yet the kind of consensus that might prompt concerted action.

The HANDY model developed by Safa Motesharrei (et al.) also gives pride of place to economic inequality and stratification as central factors in societal collapse. Yet for the most part, scholars tend to highlight the interdependence of socioeconomic factors like inequality with other serious threats and trends - the ways in which inequality facilitates or exacerbates other corrosive factors, as well as how local and systemic threats worsen inequality. Today, those worrying threats and trends include climate change and environmental insecurity, domestic and international extremist movements, armed conflicts and geopolitical confrontation, population decline, disinformation campaigns, and the uncertain effects of new technologies.

For the purposes of this workshop, Future 3 includes a spectrum of societal disintegration - from a state of significant government dysfunction and social unrest, through to domestic armed conflict and societal collapse. This reflects the understanding that collapse tends to be a gradual and idiosyncratic process, whose commencement is not always recognised at the time.

Future 1: Pathways to Stabilisation

Unless actively checked, wealth inequality is self-perpetuating and the absolute wealth gap will continue to grow, because wealth begets more wealth. This process is amplified by the UK's tax system, which under-taxes income from wealth compared to income from work. This creates an unfair disadvantage for people in employment compared to people who generate income from assets, and significantly reduces the amount of revenue raised through taxation to fund public services. There are a range of straightforward ways to tax wealth more fairly and effectively, such as equalising tax rates on capital gains with tax rates on employment income. There is clear public support for tax increases to fall on wealth rather than income.

Other proposals that look to redress the under-taxing of wealth, and to tackle wealth inequality, include a separate tax on stocks of (as opposed to incomes from or transfers of) wealth. A new wealth tax has moved from the margins of economic debate to a serious proposal to raise revenue and/or reduce wealth inequality. A one-off wealth tax could be justified as a response to a particular crisis, but would only temporarily reduce wealth inequality. An annual progressive wealth tax could be justified on the basis that it would permanently limit wealth inequality, but public and political support would need to be won, with a concerted effort to ensure that it was well designed and implemented (and not, as has happened in other European countries, watered down by successful lobbying to include loopholes that reduce the revenue raised and thus undermine its legitimacy).

Sharing wealth is another approach. Wealth concentration in the UK has been facilitated by an economic system that often incentivises and rewards the extraction of value from existing financial and corporate wealth, rather than encouraging the creation of new economic value. Mechanisms to prevent this, such as public wealth funds, would ensure that income-generating assets are shared more equitably, allowing all citizens to benefit from economic development. These funds would provide access to excellent investment returns for everyone and mitigate the effects of differential returns, where the wealthy enjoy superior rates of return compared to average savers, exacerbating existing inequalities. Sharing wealth broadly now can also help to mitigate the impacts of future trends that are likely to intensify wealth inequality, such as the increasing power and impact of artificial intelligence.

Another strategy involves conceding that wealth inequalities are entrenched, and focusing instead on mitigating the negative impacts of these inequalities. This has been done in some European countries, as outlined above, which means that there are more opportunities for the wealthy in the UK to buy advantage and influence than in many comparable countries. Many European countries have substantial safeguards to reduce the salience and importance of wealth in everyday life, such as more equitable education systems, a more comprehensive and generous welfare state, and measures to reduce the influence of wealth on politics such as more transparent lobbying regulations and stricter rules on donations.

The challenges posed by the wealth gap in the UK are significant and increasing, but not insurmountable. With sufficient political determination, a range of effective policies, regulations, and reforms can be sold to the public and implemented to address the risks posed by the wealth gap. These policies can support wealth creation, the reward of effort and a strong social contract, while reducing wealth extraction, the reward of unearned privilege and the gutting of public services and the social safety net.

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