THE FAIR NECESSITIES



Fairness is hardwired into us. Humans evolved by building large social groups that depend on fair co-operation and rewarding positive behaviour. Study after study shows that fairness is at the top of most people's priorities for British society. Its absence has animated almost every political controversy over recent years, from the cost-of-living crisis to the Horizon scandal. But is it possible to define fairness in a way that most of us can agree with?

Most people <u>think about fairness</u> in terms of equal opportunities. At the <u>Fairness Foundation</u> we have developed five principles of fairness: the <u>Fair Necessities</u>. These are designed to appeal to people with different views about politics and other issues (e.g. individual agency, appetite for change, trust in institutions, identity politics), to help build a consensus about what a good society looks like and how to achieve it. 75% of Britons <u>support</u> them.

We argue that equal opportunities are impossible in a society of very unequal outcomes, such as we have in Britain today. We can only give people equal opportunities by dramatically reducing socio-economic inequality, to reduce the influence of luck (especially the circumstances into which people are born) on life chances and outcomes. We should reward excellence and effort, but recognise that individual merit is not the only driver of success. Very unequal societies harm opportunity and economic growth, exacerbate poverty, and undermine social cohesion and faith in democracy by depriving people of respect, dignity and influence.

FAIR ESSENTIALS

Everyone should have their basic needs met, but we need to go further to enable people to play a constructive role in society

No one should live in absolute poverty, which is unjust because it denies people their immediate material needs, such as food, clothing and shelter. However, not having to choose between eating and heating is too low a baseline. Living in relative poverty (below 60% of the median income) is also unfair, because it deprives people of agency, dignity and self-respect, damages their mental and physical health, and limits their opportunities to fully participate in, and contribute to, society. And the absence of wealth is just as unfair and damaging as the absence of income, because having zero or negative wealth has an increasingly big impact on life chances.



Today in Britain, 24% of people live in <u>poverty</u>, while 30% are unable to maintain a decent standard of <u>living</u>. Meanwhile, the richest 20% own 60% of the country's <u>wealth</u>, and the poorest 20% own just 0.7% of it.



85% of Britons think that economic <u>inequality</u> is an important problem (69% are specifically concerned about levels of <u>wealth inequality</u> in the UK), while 84% are concerned about <u>poverty</u>.



Policy solutions to the absence of fair essentials in the UK include addressing structural challenges in the economy as well as scrapping the two-child limit on benefits, tackling insecure work, reducing housing costs, and introducing a citizen's wealth fund paying out an annual dividend.

FAIR OPPORTUNITIES

Everyone should be able to thrive, without having to overcome unreasonable barriers to opportunity or earn a huge salary

Equalising opportunity requires more than removing the multiple existing barriers to education or work (like low levels of skills development or insufficient private-sector job creation, or wide regional economic imbalances). High levels of socio-economic inequality mean that people's starting points in life are too different – there is no level playing field, and it is impossible to correct for this without tackling the underlying inequalities, so that everyone has access to good education, healthcare, housing, jobs and nature, and a decent quality of life. And success in life shouldn't require people to 'make it' by earning a huge salary, especially in a society where wealth is a more important driver of wellbeing and living standards than income (a trend being accelerated by AI).



Today in Britain, disadvantaged children are 19 months behind their peers at <u>GCSE</u>, are 42% less likely to go to <u>university</u>, and are 52% less likely than the privately educated to become a <u>high earner</u> if they graduate.



65% of Britons are concerned about unequal opportunities to accumulate <u>wealth</u>, while 62% think children from richer families have better <u>educational</u> opportunities; only 35% think everyone has a <u>fair chance</u> in life.

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Policy solutions to the absence of fair opportunities in the UK overlap with those under 'fair essentials' above, alongside broader investment in public services to ensure that no one is left behind.

FAIR REWARDS

Everyone's hard work should be rewarded, in line with their contribution to our society as well as to our economy

Contrary to what some believe, we don't live in a meritocracy, where success and status are driven purely by talent and hard work. Because inequality deprives many people of the fair essentials and of fair opportunities, luck (such as being born into poverty or wealth) has a huge impact on people's ability to earn income and accumulate wealth. Luck also influences how much certain talents are rewarded by the labour market; and our economy undervalues many who contribute to society, such as unpaid carers and key workers. We should respond by better rewarding everyone's contribution, by lowering barriers to wealth creation, ensuring that large financial rewards are proportionate and earned, and improving pay, conditions and security for low earners.



Today in Britain, the median FTSE 100 <u>CEO</u> is paid 120 times more than the median full-time worker, while the <u>gender pay gap</u> among full-time employees is 7%, and 16% of employees are paid below the <u>real living wage</u>.



79% of Britons think <u>key workers</u> in the early years sector are paid too little, while the same proportion think that <u>CEO</u> pay levels are unfairly high; however, 38% think that <u>success</u> is mostly down to people's hard work.



Policy solutions to the absence of fair rewards in the UK include worker representation on boards, collective bargaining, tackling insecure work, and properly taxing income from wealth.

FAIR EXCHANGE

Everyone should contribute to society by paying their fair share in tax, and in return should be supported by society when they need it

A fair society requires fair exchange, the idea of reciprocity. Britain's broken social contract means that hard work no longer guarantees a decent quality of life. This makes it even more important that the state can support people when they need it. Everyone receives state support at some time in their lives, even if some need more than others (for example due to disability) and others opt for private provision. Public services and social security depend on spending funded by taxation, and we need a fairer and more effective tax system in which every contributes their fair share. This requires us to ask more of the wealthy as well as ensuring that tax owed is paid and that public spending delivers real value for taxpayers.



Today in Britain, the richest 10% enjoy 18.5 more years of <u>healthy life</u> than the poorest 10%, 15% of occupied <u>homes</u> are not classified as 'decent', and some earning £10m pay the same <u>tax rate</u> as people on £30,000.



69% of Britons are concerned about <u>health inequalities</u>, 77% think government should guarantee access to decent <u>housing</u> for all, and 65% support equalising <u>tax rates</u> on income from wealth with income from work.



Policy solutions to the absence of fair exchange in the UK include investing more in public services and social security, properly taxing income from wealth, improving tax collection and reviewing the tax code.

FAIR TREATMENT

Everyone should be treated with equal respect and should be able to exercise equal influence on decisions made in their name

Rich or poor, everyone should have equality of status in our society. Economic inequality should not translate into social inequality; resources should not affect relationships. We should all be treated with dignity and respect, as well as enjoying basic liberties and equality before the law. Nor should economic inequality create political inequality; we should all have equal influence on politics and policymaking, rather than allowing a situation in which politicians' priorities and decisions are weighted towards the interests of the well-off (who vote more often) as well as the very wealthy (who buy influence through donations, investments, lobbying and the media).



Today in Britain, 69% of people say that they have no <u>say</u> in what the government does, and 19% feel unfairly <u>treated</u> by society, while the wealthiest people emit 25 times more <u>carbon emissions</u> than the poorest.



75% of Britons think that the very rich have too much <u>influence</u> on politics in the UK, and 34% think that the very rich have the most <u>power</u> in society (compared with 24% who feel that governments are most powerful).



Policy solutions to the absence of fair treatment in the UK include tighter regulation of lobbying and of donations to political parties and the media, and electoral reform (perhaps even compulsory voting).