



Inequality and the top 10% in Europe

The worried well-off?

Report online launch,

Wednesday 23rd September, 2020

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, company director, Ireland

Background

Previous studies (mostly US-based) say that the top 10% of income earners:

- Are well-represented in policy.
- Are less likely to support redistribution

The report asks:

- What does this top 10% look like?
- What are their worries (if any)?
- What are their views on economic inequality?

Four countries: Ireland, Spain, Sweden, the UK

Methodology

- 2-year research, Focus on income
- Surveys: EU-SILC, ESS, National Sources
- Semi-structured interviews
 - Sample of ~30 per country (110).
 - Sample based on: Occupation, Gender, Age, Income
 - Did not tell respondents they qualified when recruiting

Who is part of the Top 10%?

	Ireland	Spain	Sweden	UK
% sample above 0	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

Sharpest differences to the other 90%:

- Mostly professionals and managers
- Highly educated
- Fewer women the higher up you go
- More likely to have a mortgage
- Their income has grown faster
- Their share of total capital income has grown
- Less likely to agree with statement:

Government should reduce differences in income levels

However!

— Reported difficulty to make ends meet (top 10% dark blue)



They do not think of themselves as rich

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, Doctor, Sweden

Mostly individualist view of inequality

— although growing awareness since 2008

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.

Roy, Finance director, UK.

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.

Clara, Engineer, Spain.

They are conscious of austerity, but mostly at a theoretical level

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 crisis, the public health system worsened considerably [...]. Those of us who can afford private insurance are very lucky because the public health system is in a very bad state.

Javier, Ship captain, Spain

Anxieties and insecurities about the future

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.

Susannah, CFO for a major bank, UK

I'm not doing badly. I'm happy; I've recovered my old customers who, after the 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.

Amparo, Small business owner, Spain

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?'

Laura, Management consultant, Ireland

Where are they heading?

Four challenges, amplified by COVID-19

- Meritocracy and competitiveness: Upward orientation
- Cost of living, austerity and privatisation
- Fear of downward social mobility
- Isolation

...even they might be left behind

How should progressive policies address the top 10?

Four policy areas

- Taxation: They would like it to increase for the rich, but don't think of themselves as rich.
- Public Services: Healthcare, education, housing
- Self-perception: Transparency and awareness
- Local communities: Tackle social distance