

## Why the pursuit of equality will ruin Scotland for sure

Michael Fry: October 17, 2017

AFTER all the SNP conference was not totally devoid of interest, mainly because of a well-crafted speech by Nicola Sturgeon. If you are doomed to dash some hopes among the growling pack of this party – for example, by going slow on activists' demands for indyref2 at the earliest possible date – then it is best to throw them bones marked equality.

This was indeed the First Minister's tactic. At a key moment of her speech she said: 'It is the challenge of our age – tackling the unfairness and inequality felt so sharply by so many. Here in the UK, inequality is among the worst in the developed world. We intend to drive change here too. The fact that real wages have stagnated or fallen heightens the sense of unfairness. So to our nurses, teachers, police officers, firefighters – to all of our dedicated public-sector workers – let me reiterate this commitment today. Next year, we will seek pay deals that are affordable but also fair. The one per cent pay cap will be lifted. We are the only government in the UK to make this unequivocal commitment.'

With respect, I need to correct Nicola on one point. UK inequality is not among the worst in the developed world, but about average. Among my favourite statistics is the Gini coefficient, which measures inequality on a scale of 100 – the more inequality, the higher the coefficient. The UK has a coefficient of 32.4, but the US has 45. Of the Nordic countries, plus Germany, that I discussed last week, all have coefficients a little lower than the UK. So does Scotland, with a coefficient of 30, just under the average for the EU as a whole. This is because we lack the class of super-rich in London that pushes up the UK figure.

The world's highest coefficient, of 63, is to be found in South Africa. It represents a sad fact about that country since its liberation from apartheid: its inability to close the economic gap between the richest whites and the poorest blacks. In general the less developed nations show worse coefficients, because they have not yet formed a middle class in between their ruling elite and the mass of peasants or slum-dwellers below. In turn this suggests that the level of development is the crucial determinant of the distribution of income (rather than, say, capitalist oppression or defective taxation policy). Scotland, globally the 18th richest country, is absolutely typical of an advanced European economy. Perhaps this means also that, even with the best will in the world from the First Minister and her government, we will never be able to vary by much the degree of inequality that goes with our stage of social development. For my many Marxist readers, this will be predictable: economic structure determines social superstructure.

### **Proletarian self-esteem**

It puts me in mind of the condition of Russia exactly 100 years ago, which drove Lenin to the conclusion that only ruthless violence by a single-minded and self-conscious revolutionary vanguard could change the nature of society. In this week of 1917, the Petrograd Soviet was just planning its coup d'état. Similarly in today's Scotland, the working class is not interested in equality, at least of an economic kind. Workers live and labour in a world of hierarchies and differentials.

In a typical industrial plant, there are apprentices, time-served craftsmen, foremen, supervisors, managers, bosses. I don't think any of these groups would want to wish away the distinguishing signs of their status, whether their skills, their wages or even the sort of clothes they wear to work. The whole package offers them goals to aim for and flags up progress in their career, beside setting them apart from unskilled labourers or other casual workers outside the structure. Harking back once again to 100 years ago, we might recall it was just this kind of proletarian self-esteem that gave rise to the heroic days of Red Clydeside. The Red Clydesiders did not want equality, they wanted maintenance of differentials.

I've often written about equality in this column, and the responses I receive show there are many readers, including those of a progressive bent, who agree it is quite legitimate for age, experience and qualifications to determine rates of pay – unequal ones – among a diverse workforce. In the real Scotland there is more or less universal acceptance of such arrangements, which help rather than hinder the functioning of the economy. It would be foolish, to say the least, of the Scottish government to set about compressing the differentials in pursuit of an ideal of equality which it does not even seem capable of defining for itself. Equality has become a mantra, chanted to demonstrate political correctness. We should leave the whole frivolous notion to the sort of armchair socialists, often impeccably bourgeois in background and lifestyle, who write for this paper.

My own respondents tell me that the basic source of inequality is not income but wealth, and that this should be the true object of any measures to tackle unfairness. But I'm not sure their argument really deals with the difficulties. Of course, we have had in Scotland some of the super-rich, those who today might take a helicopter from their Highland castle to their yacht in a nearby sea-loch. But there have been damn few of them and most – Andrew Carnegie, for example, or Lord Inchcape – are dead. In any case those still alive can readily find clever Scots lawyers and accountants to reduce their tax liability, and if necessary to arrange for their nominal domicile in another country. Then the tax-take for the Scottish government will be nil.

In fact most of the wealth of Scotland is held not by plutocrats but by ordinary citizens in their property and their pension rights. The total value of all the houses in the country is more than £15 billion, and of course many owners regard their purchase as not just a place to live for now but also as an investment for the future; at retirement they can sell it and then live off the proceeds. I can't give a corresponding figure for pension rights, since they vary in value from time to time, and because the owners of policies realise their assets in different ways – but the total is without doubt enormous. A Scottish family which has bought its home and created a pension pot will certainly be wealthier than one which has done neither. Is there a case for redistribution here?

### **Responsible citizens**

Not if we want our people to be responsible citizens in the independent nation of the future. These people are doing all the right things that any government should want them to do: saving as well as consuming, looking to the future, providing for the rainy days, planning to leave something for their kids. Yet some of my fellow columnists in *The National* write almost as if these were anti-social behaviours, merely because there are other Scots who can't or won't do the same.

Inequality may often be involuntary, but sometimes it is voluntary – the result of action or inaction by those who might have made better choices in their lives, and should still be encouraged to do so. If we don't accept this, then we could soon have a Scottish state waging economic war on its own best people, seizing nest-eggs they have worked for, overturning legal arrangements they have entered into in good faith, all in pursuit of some perfect condition of equality which, as I have written before, can in fact never be reached. This will ruin the country for sure.

I'll leave the last word to Adam Smith: "Commerce and manufactures can seldom flourish long in any state which does not enjoy a regular administration of justice, in which the people do not feel themselves secure in the possession of their property, in which the faith of contracts is not supported by law."

Till the Scottish Government has thought these things through as far as Kirkcaldy's greatest son did, it should pipe down on equality.

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