

‘The rich get richer and the poor get poorer’: exploring the impact of the Covid-19 crisis on the widening inequality gap in the UK

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I Introduction

Inequality is pervasive in British society, and has been for as long as Britain has been an economic superpower¹. These inequalities are evident in various different aspects of modern life, and include health, employment, regional and educational inequalities. The Covid-19 crisis highlights these pre-existing areas of societal divide and shows how these inequalities have placed the burden of the Covid-19 crisis on the most vulnerable members of society.

II Overview

The first obvious signs of widening inequality as a result of Covid-19 is in the dispersion of unemployment across the UK. With 24% of the UK workforce at risk because of the lockdown², redundancies have clustered around the service industry and public facing jobs, with “73 percent of workers in accommodation and food services and 46 percent of those in construction [having] been furloughed”³ as professionals continue to work remotely. Whilst “nearly 50 percent of all the jobs at risk are in occupations earning less than £10 per hour”⁴, higher income earners have continued to receive their salary in full, attracting much public derision⁵.

Emerging from lockdown, “in the longer run, more reliance on technology and working from home could favour the more highly educated at the expense of others”⁶. History is full of examples of shifts in technological paradigms increasing living standards for the upper echelons of society at the

¹ Atkinson, W., 2013. *Class Inequality In Austerity Britain*.

² Allas, T., Canal, M. and Hunt, V., 2020. *COVID-19 In The United Kingdom: Assessing Jobs At Risk And The Impact On People And Places*. [online]

³ *ibid.*

⁴ *ibid.*

⁵ Atkins, D., 2020. *No Pay Cut For Uob's £450K Vice Chancellor For Now, Say Uni*. [online]

⁶ Institute for Fiscal Studies, 2020. *Active Policy Required To Avoid COVID-19 Crisis Exacerbating Existing Inequalities*. [online]

expense of structural unemployment amongst more vulnerable regions of society, such as the closure of the coal pits in Yorkshire⁷.

The UK is “commonly described as the most regionally unequal country in the developed world”⁸, and London has been seen as a nucleus for Britain’s economic activity and wealth. In the short term at least, it is likely “the current crisis may well exacerbate existing regional inequalities”⁹, and Northern regions have already felt the brunt of Covid-19 related job losses on top of already high unemployment rates¹⁰.

The lockdown has also called into question pre-existing ways of working, specifically the focus on offices as a hub of professional activity. In America, Silicon Valley employees are considering moving away from inflated rents to work from home in areas with cheaper rents¹¹. Perhaps this will be mimicked in the UK, as more employees permanently transition to work from home, there might be a flow of economic activity towards Northern regions where property prices are lower. The government should attempt to encourage more companies to relocate outside London, capitalising on the Northern Powerhouse scheme¹². More cynically however, if a transfer of wealth was to occur from London to Northern regions, it would still likely fall into the hands of the upper class professions best suited to capitalise on remote working. This could make housing and other services inaccessible for current residents: Manchester is already forecast the highest rate of increase of house prices in the UK¹³.

Another key focus of inequalities exasperated by Covid-19 are health inequalities. The wide income gap in the UK leaves the poorest communities at risk of “experiencing a higher risk of exposure to COVID-19 and existing poor health puts them at risk of more severe outcomes if they contract the

⁷ Emery, J., 2018. Geographies of deindustrialization and the working-class: Industrial ruination, legacies, and affect. *Geography Compass*, [online]

⁸ Institute for Public Policy Research, 2019. *Divided And Connected: Regional Inequalities In The North, The UK And The Developed World*. [online]

⁹ Bardalai, A., 2020. *Covid-19 And The UK Regions*. [online]

¹⁰ Allas, T., Canal, M. and Hunt, V., 2020. *COVID-19 In The United Kingdom: Assessing Jobs At Risk And The Impact On People And Places*. [online]

¹¹ Frier, S., 2020. *Tech Workers Consider Escaping Silicon Valley’s Sky-High Rents*. [online]

¹² Northern Powerhouse. 2020. *Northern Powerhouse*. [online]

¹³ JLL. 2020. *JLL Residential Sales Increase 200 Per Cent In Manchester City Centre*. [online]

virus”¹⁴, with the most publicised example of this being the increased risk posed to BAME communities¹⁵.

Ten years ago, the Marmot review found health inequalities resulted in lost production of £31bn and resulted in a cost of £28-32bn from lost taxes and increased benefit payments¹⁶. Since then, “there is growing evidence that health inequalities are widening and life expectancy is stalling”¹⁷. Covid-19 has highlighted the fatal consequences of allowing these inequalities to persist - “adjusting for age, deaths in the most deprived areas of England have been more than double those in the least deprived”¹⁸.

Finally, the most long lasting effect of lockdown is likely to be felt by Britain’s future generations. With children unable to attend school, it is estimated that the gap between disadvantaged children and their peers will widen by about 36%¹⁹. Children whose parents are less well educated are less likely to receive academic support at home, and state schools are less likely to provide online learning than private schools.²⁰ This means attainment gaps are likely to widen, and access to higher education institutes is likely to be harder, signalling a reintroduction of the poverty trap. Combined with issues of digital exclusion, children unable to access their regular education might face setbacks that hold them back for the rest of their lives.²¹

III Moving Forward

What poses the biggest challenge to policy makers is the way these issues are all interconnected. The barriers to accessing the best opportunities in society lock people born in relative poverty out of high paying jobs, trapping them in the jobs that are most vulnerable to Covid-19, both in terms of unemployment and actually contracting the virus. In turn, persisting health inequalities worsen the consequences for these people if they do contract the virus.

¹⁴ Bibby, J., Everest, G. and Abbs, I., 2020. *Will COVID-19 Be A Watershed Moment For Health Inequalities?* | *The Health Foundation*. [online]

¹⁵ Platt, L., 2020. *How Is Coronavirus Affecting Inequalities Across Ethnic Groups?*. [online]

¹⁶ Frontier Economics Ltd, 2010. *Estimating The Costs Of Health Inequalities*. [online]

¹⁷ The Health Foundation. 2020. *Health Equity In England: The Marmot Review 10 Years On* | *The Health Foundation*. [online]

¹⁸ Bibby, J., Everest, G. and Abbs, I., 2020. *Will COVID-19 Be A Watershed Moment For Health Inequalities?* | *The Health Foundation*. [online]

¹⁹ Education Endowment Foundation, 2020. *Rapid Evidence Assessment: Impact Of School Closures On The Attainment Gap*. [online]

²⁰ Pidd, H., 2020. *'It'S A Basic Equality Issue': Home Learning Gap Between State And Private Schools*. [online]

²¹ Vignoles, A. and Burgess, S., 2020. *The COVID-19 Crisis And Educational Inequality*. [online]

Short term solutions are perhaps the easiest to find. Funds can be set up to help combat the effects of digital exclusion, such as universities setting up hardship funds to allow students to purchase the technology needed to study from home²². Teachers should be encouraged to transition lessons onto digital platforms²³, and communities can host events online to combat loneliness and mental health problems exacerbated by self-isolation²⁴. Upon emerging from lockdown, care should be taken to preserve jobs, with targeted support for small and medium enterprises most at risk of insolvency²⁵. Retraining programmes should also be subsidised in areas that have seen a surge in demand following lockdown, such as PPE manufacturing, IT and Procurement advisory services²⁶. By focusing on developing these key industries in Britain, instead of importing PPE supplies, employment opportunities could shift from industries like tourism and food services into these new growth sectors²⁷.

In the long run, there needs to be a significant shift in the way policy makers, and the wider British public, view inequalities in society. It is clear modern Britain is fractured, and these divisions have lead to massive ideological rebellions against the current status quo such as the Brexit vote²⁸ and the Black Lives Matter protests²⁹. More focus should be given on providing a basic standard of living to people regardless of their employment. The National minimum wage should be raised to allow people to actually support families on it, and better reflect the importance of those workers on the minimum wage. The Covid crisis has shown our dependency on key workers, yet, 38% of key workers are paid less than £10 an hour, compared to 31% of non-key workers³⁰. Whilst efforts to increase access to university are admirable, there needs to be a shift in consciousness - universities shouldn't be the only way to access certain careers. More focus should be given on subsidising local businesses

²² University of Glasgow, 2020. *Student Support Update*. [online]

²³ Pidd, H., 2020. *'It'S A Basic Equality Issue': Home Learning Gap Between State And Private Schools*. [online]

²⁴ Walker, S., 2020. *Lockdown Loneliness Is Soaring, But Being Sociable Is So Important For Our Health*. [online]

²⁵ Cook, L. and Barret, C., 2020. *How Covid-19 Is Escalating Problem Debt*. [online]

²⁶ OECD, 2020. *Stocktaking Report On Immediate Public Procurement And Infrastructure Responses To COVID-19*. OECD Policy Responses to Coronavirus. [online]

²⁷ Yaker, F. and Ann, J., 2020. *Making Sustainable Public Procurement Part Of The COVID-19 Fiscal Response*. [online]

²⁸ Fetzer, T., 2018. *Did Austerity Cause Brexit?*. CESifo Working Papers. [online]

²⁹ The Economist. 2020. *What Next For Black Lives Matter UK?*. [online]

³⁰ TUC, 2020. *A £10 Minimum Wage Would Benefit Millions Of Key Workers*. [online]

to provide apprenticeships, especially as the shift to online learning has made many students leaving school question whether universities are worth their fees³¹.

It is unlikely these changes will go far enough in tackling the systematic inequality in Britain. Perhaps what Britain needs is a devolution of more power to local councils who may be better equipped with the knowledge of what local communities and businesses need. Economists like Collier have suggested policies to tackle regional divergence through a dual scheme of “taxing the metropolis, and restoring the provincial cities”³². Covid-19 has highlighted the extent to which local communities can bond together, whether by ‘reciprocal obligation’³³ or a deeper, more meaningful human connection. Perhaps economic solutions to target inequality should aim to embrace this local identity and community spirit by focusing on social value in regional procurement³⁴.

Perhaps most optimistically, lockdown has provided governments with the chance to take action to reform their environmental policies³⁵. In April, Carbon Dioxide Emissions fell by around 17%³⁶, but have already started to rise to within 5% of the levels of previous years. Emerging from lockdown, politicians have the unique opportunity to make environmental recovery the backbone of economic recovery, by focusing on sustainable procurement and building a cleaner, more resilient system of renewable energy. Across the world, governments have earmarked USD 9 trillion³⁷ for recovery from Covid-19. Now is the time to show the same care for the impending climate change crisis, the burden of which will fall on those suffering from existing inequality³⁸ in the same way Covid has. A post Covid recovery that focuses on sustainability could “become a galvanising force for humanity, leaving us...societies that are safer and fairer”³⁹.

³¹ Woodham, L., 2020. *Students Are Fully Freaking Out At The Idea Of Uni Lectures Being Online Next Year*. [online]

³² Collier, P., 2019. *The Future Of Capitalism*.

³³ Wolf, M., 2018. *The Future Of Capitalism, By Paul Collier*. [online]

³⁴ Barlow, N., 2019. *Andy Burnham Calls For Greater Manchester To Become The “New Capital” Of Social Enterprise*. [online]

³⁵ Agarwala, M., 2020. *Is This A Good Time To Pursue Environmental Objectives?*. [online]

³⁶ Harvey, F., 2020. *World Has Six Months To Avert Climate Crisis, Says Energy Expert*. [online]

³⁷ International Energy Agency, 2020. *Sustainable Recovery*. World Energy Outlook Special Report. [online]

³⁸ Klein, N., 2015. *This Changes Everything*.

³⁹ *ibid*.

IV Conclusions

Covid-19 does indeed present an opportunity - the opportunity to act now to change the vast inequality entrenched in the current British economic system⁴⁰. There is no easy fix to inequality in Britain, or elsewhere, and to do so requires a genuine commitment from those in power to widening access to opportunities for growth and development. Whilst Covid-19 has highlighted the divisions that exist in society, it has also shown the power of community spirit. A focus on grassroots movements to target both economic and environmental recovery is likely to be the only truly sustainable route to long term global recovery.

⁴⁰ Institute of Employment Rights. 2020. *Covid-19 Presents Opportunity To Reduce Inequality, IFS Says*. [online]

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