

Fairness and Prosperity

Published: January 15, 2026, 2:42 am

The TUC published a new pamphlet by friend and sometime co-author Howard Reed yesterday. As they said of the pamphlet, which is entitled [Fairness and Prosperity](#):

The UK is a far more unequal society now than it was 30 years ago, and three-quarters of the public agree that the gap between rich and poor in the UK is too high. But if policymakers were to enact policies to reduce inequality, would this jeopardise the UK's economic performance?

[Today's new Touchstone Extras pamphlet](#), written by Howard Reed, reviews the latest evidence on the relationship between inequality and economic performance across countries and finds no support for the idea that there is a 'trade-off' between inequality and prosperity. Indeed, there is strong evidence that countries with higher inequality have worse performance on a range of health and social outcomes.

The report also discusses theories that can rationalise these findings, and recommends policies which would help reduce inequality from its current very high level in the UK.

Well, I think that undersells it. As Howard says in the report:

This Touchstone pamphlet asks whether a more equal distribution of income would jeopardise the UK's economic prospects. Indeed, is more equality just what we need to improve our prosperity and well-being? The assertion that less inequality is "part of the good society" resonates strongly with most people on the left and centre-left.

This pamphlet shows that this is a sensible belief:

- *The UK is a very unequal country, and this inequality is the result of a major shift in income distribution in the 1980s and 90s.*
- *There is a conventional economic view that asserts that inequality is a price a country has to pay to achieve economic success. But a comparison of the performance of equal and unequal countries does not back this up.*

- *Indeed, there is evidence that some redistribution enhances economic performance.*
- *International comparisons provide very strong evidence that inequality is linked to poor health and social outcomes.*
- *The theories to explain this relationship are still being developed. This pamphlet outlines two of these — that inequality has harmful psychological effects and that poor outcomes follow on from deprivation, which is more common in unequal societies.*

I warmly welcome this report - which I think is a valuable contribution to debate - and which also strongly complements the thinking in my own forthcoming book.