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Inequality, Redistribution and the Labour Market

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The structure of work and of families has changed over the last three decades, with growing earnings inequality driven, in part, by adverse labour market 'shocks' for the low educated, especially men. In the decade since the financial crisis, the overall squeeze on living standards has brought these inequalities into sharper focus. The Covid-19 pandemic has further exacerbated existing inequalities and, at the same time, opened up fissures along new dimensions. It is unlikely we can address all the concerns about low wages and earnings inequality through traditional tax and welfare policies alone. The challenge is how best to balance tax and welfare-benefit policy with other policies such as human capital policies, minimum wages and labour market regulation. This presentation will focus on the key role played by the poor overall wage progression for lower and middle educated workers in understanding earnings inequality and for designing policy responses. It will highlight the role of labour market attachment, part-time work, and training. Bringing these together to build an appropriate policy mix.