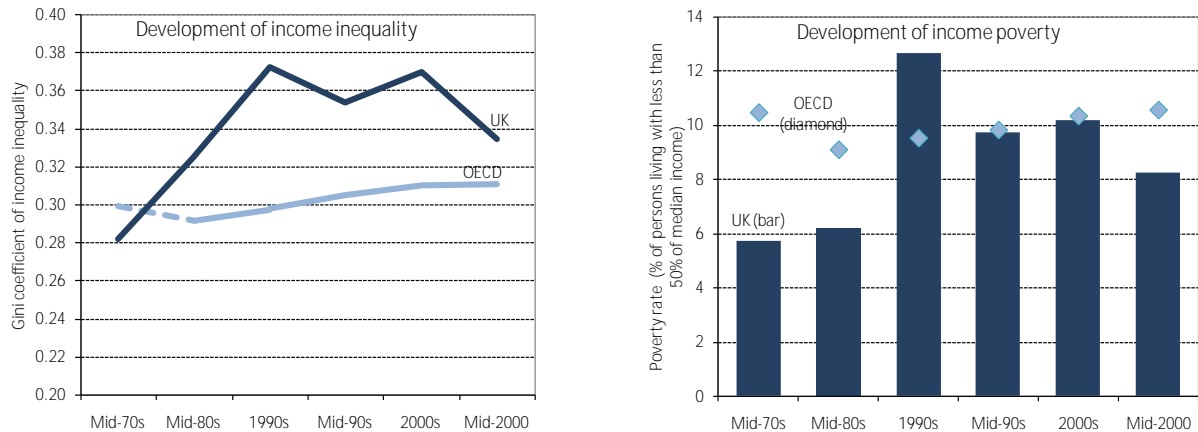


COUNTRY NOTE: UNITED KINGDOM

Since 2000, income inequality and poverty have fallen faster in the United Kingdom than in any other OECD country. However, the gap between the rich and poor is still greater in the UK than in three quarters of OECD countries.

Figure 1. **Income inequality and poverty have fallen since 1990**



Source: *Growing Unequal?*, OECD 2008. Income is disposable household income adjusted for household size.

- Earnings have become much more unequal in the UK: the wage gap has widened by 20% since 1985, with much of the widening occurring towards the start of this period.
- 16% of all households with a working-age head are jobless – only Belgium, Germany and Hungary have more people in households where no one has a job. But the number of children living in workless households has been falling recently.
- The number of people living alone or in single-parent households has increased more rapidly than in all other countries. The average household size in the UK declined from 2.4 to 2.1 (compared to an OECD average decline of 2.7 to 2.6) between 1985 and 2005. This has widened inequality.
- Income poverty – that is, a household with less than half the average (median) income for its country – fell from 10% to 8% between the mid-1990s and 2005. For the first time since the 1980s, the poverty level is well below the OECD average.
- The number of children living poverty fell from 14% to 10% between the mid-1990s and 2005--the second largest fall (behind Italy) over this period. Even so, child poverty rates are still above the levels recorded in the mid-1980s (7-8%) and mid-1970s (5%).
- There is less social mobility in the UK than in Australia, Canada and Denmark. In this respect it is similar to the United States and Italy. What your parents earned when you were a child has much more effect on your own earnings than in more mobile countries.