

The Production and Reproduction of Inequality in the UK in Times of Austerity

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Abstract

Inequality appears to be back on the intellectual and political agenda. This paper provides a commentary on this renewed interest, drawing on an empirical discussion of inequality in the UK. The paper argues that inequality should be seen as produced in the inherently unequal social relations of production, drawing attention to the role of social struggle in shaping dynamics of inequality. However, inequality is not just produced in dynamic class struggle in the formal economy, but also through the social reproduction of labour power on a day-to-day and inter-generational basis. As such, inequalities of household resources at any point in time may be reproductive of greater future inequality. It is argued that inequality has risen in the UK over recent decades because of changes in the social relations of production in the formal

economy *and* social reproduction in the domestic sector, both of which have witnessed significant state interventions that have increased structural inequalities. It is argued that, absent of significant change, the underpinning structural dynamics in the UK will lead to further increases in inequality over the short and longer-term. Given this, we might expect to see an already emergent ‘New Politics of Inequality’ intensifying in the coming decades.

Keywords

Inequality; Feminism; Marxism; production; reproduction; stratification; inter-generational mobility.

Introduction

For those moved by a political and ethical commitment to egalitarianism the last several decades in UK politics have been a dismal time. Not only did inequality rise markedly, but it has been very difficult to get this issue on the political agenda. Even within the left of mainstream party politics a focus on socio-economic outcome inequality has often been seen as reflective of unfashionable socialism and insufficiently attuned to concerns with other forms of inequality based on identity, including gender, race, disability and sexuality. As a result, political debate has tended to focus on ‘equal opportunities’ for ‘inclusion’ in society (Nunn, 2012). The argument ran that what matters is not the final distribution, but more equal chances to compete for places within that distribution.

From late 2015 though, there has been more scope for optimism: inequality is back on the agenda, and in a big way. The election of Jeremy Corbyn as leader of the Labour Party suggested a greater profile for equality concerns. Even the Conservative Party attempted to present social policy, such as the National Minimum Wage, as

representative of a new concern with inequality. This came on the back of the high profile and voluminous debate surrounding Thomas Piketty's (2014) *Capital in the 21st Century*, which appears to have perfectly illustrated this new concern. Piketty was also invited to the White House to address the Council of Economic Advisers and Obama's State of the Union address in January 2015 could be read as influenced by the proposals in the book. Latterly, Piketty has even been appointed to Jeremy Corbyn's new National Economic Advisory Committee.

Piketty's book has generated a great deal of reaction, both positive and negative. Two particular reactions frame the starting point for this article. Several critical commentators suggested that Piketty omitted to identify changes in the social relations of production as an explanation for inequality (Burawoy, 2015; Harvey, 2014; Mongiovi, 2015; Morgan, 2015; Wade, 2014). He was also criticised by – all male – commentators from across the political spectrum for equating 'Capital' with 'all wealth' (Mongiovi, 2015; Morgan, 2015; Stiglitz, 2014; Varoufakis, 2014) on the grounds that this fails to differentiate 'productive' capital from household and other wealth which are 'not an input into any production process generating hitherto non-existent commodities' (Varoufakis, 2014: 20).

This paper responds to these two aspects of the contemporary debate on inequality with a detailed empirical discussion of inequality dynamics in the UK. The first section makes the claim that inequality is produced through the unequal social relations of production. These are shaped by class struggle, in which the state is not a neutral actor but reflects and constitutes the balance of class forces. Increasing inequality over recent decades, then, reflects changing class relations, in processes of neo-liberalisation, in which the state has played an active role. The continuing

unfolding of austerity in response to the crisis of 2008 onwards represents the latest phase of downgrading the material position of labour relative to capital and increases polarisation within an already highly stratified working class.

If the first section is relatively familiar materialist political economy, the second is influenced more by the feminist materialist assertion that social reproduction in the domestic sector of households and communities (Elson, 1998) form the ‘background conditions of possibility’ (Fraser, 2014) for the formal economy. Inequality is not just produced in dynamic class struggle in the formal economy, but also through the social reproduction of labour power on a day-to-day and inter-generational basis. To challenge Varoufakis, Stiglitz and others; household wealth is productive of the key commodity input to capitalist production: labour power. It follows then that household inequalities of income and wealth are productive of differential volumes and qualities of labour power carried in the bodies of household members. In that way household inequality is (re)productive of the stratified working class. On top of that, patterns of accumulation and dis-accumulation mark the relationship between already unequal households as mediated through the credit and housing markets, and the differential capacities of families to pass resources from one generation to the next.

It is argued here that households as institutions are subordinated to the purpose not just of reproduction but specifically capitalist reproduction. From a feminist materialist position this subordination of the household as a reproductive institution to the logic of capital does not eliminate gendered power relations, but reshape them. Within that reshaping though, gendered power relations persist. In this sense patriarchy and capitalism evolve hand in hand (Hartmann, 1979), inequality is produced not just between households but within them.

These conceptual arguments structure the discussion of empirical trends in the unequal and dynamic social relations of production and reproduction in the UK. This empirical discussion focuses on the intersection of class, income, gender and racial inequality. It is argued that inequality has risen in the UK over recent decades because of changes in the social relations of production in the formal economy *and* social reproduction in the domestic sector, both of which have witnessed significant state interventions that have increased structural inequalities. It is argued that, absent of significant change, the underpinning structural dynamics in the UK will lead to further increases in inequality over the short and longer-term. Given this, we might expect to see an already emergent ‘New Politics of Inequality’ intensifying in the coming decades.

The Production of Inequality

Inequality has risen across most OECD countries (2011) and this is underpinned by an overall redistribution of economic output from labour to capital. While the UK labour share of overall economic output was around 60% in the 1960s it has been below 55% since the mid 1980s. Simple calculations of the wage share though underestimate the losses to labour over time. The aggregate data ignores important shifts within the ‘Compensation of Employees’ component of economic output, which sees a greater share of this being made up of social security and pension contributions (higher labour taxes and deferred wages) at the bottom of the earnings distribution and the significant skewing of wages income toward the top of the income distribution (Pessoa, 2013). On aggregate, labour has both received a smaller slice of the total national economic pie and that slice itself is more unevenly sub-divided between

different sections of the workforce. The racing away of the top 1% and 0.1% is one feature of this in the UK as elsewhere, but so too is a general widening of disparities throughout the income distribution since the 1970s, a trend which halted only temporarily in the high growth period of the early to mid 2000s.

The reasons for this are widely understood by critical political economists identifying ‘neo-liberalisation’ (Brenner et al, 2010) as a class based political project to enforce redistribution from labour to capital (Cammack, 2009; Harvey, 2010). In the UK this has entailed both private strategies of offshoring and the replacement of labour with technology as well as state-led features such as politically induced unemployment, anti-trade union legislation, privatisation and popular discipline through financialisation (Nunn, 2014). The OECD now also broadly accepts many of the component parts of this explanation (including privatisation, reductions in Employment Protection Legislation, off-shoring, trade and financial liberalisation), even if it still presents these in depoliticised terms (see Bassanini and Manfredi, 2012; OECD, 2011, 2012).

Inequality is produced, then, by capitalist social relations which must be continually enforced (Bonefeld, 2001, 2011; Clarke, 1983), including ‘actively’ (Grover, 2012) by state intervention. The state is both the product of class struggle and underpins capitalist social relations by providing a supportive legal and coercive framework. Further, it also acts to support the reproduction of the capital-labour relation in dynamic forms, including through interventions in family, labour market and education policy. This includes helping – as in Keynesian strategies – to keep the production of ‘original’ inequality in check or to offset it through redistribution to sustain effective demand and ensure political stability. Internationally, such a

conceptualisation of states sees them as ‘political nodes’ in the global flow of capital between different geographical places and economic sectors (Burnham, 2001: 107).

There are reasons to think that developments internationally since the crisis have had a further effect on increasing income inequality. The OECD (2013, 2014a) shows that ‘original’ income inequality (i.e. before redistribution) rose between 2007-2010 in most OECD countries. While social security, taxation and transfers helped to mitigate the effects of this in terms of take-home income, just under half of OECD countries still witnessed an increase in final inequality through this period. The subsequent adoption of austerity policies will see measures of original inequality catch up with social trends. On balance then, it seems safe to conclude that internationally the crisis and subsequent fiscal consolidation – such as that coordinated through EU-wide meta-governance (Nunn and Beekmans, 2015) – will have accentuated rather than curtailed pre-existing trends toward greater income inequality.

At first glance, data on inequality in the UK since the onset of the crisis in 2007/8 might appear to contest these international trends; the Gini Co-Efficient suggests that the overall level of inequality may have fallen. This was drawn on in the 2015 General Election campaign; underpinning a claim in the Conservative Manifesto that inequality fell in the UK during the Coalition Government’s term in office. However, the overall Gini indicator masks some important trends and operates with a data lag of several years. High income households are widely thought to have shifted some of their income between tax years, bringing it forward in response to the planned introduction of the 50% top rate of income tax in 2010, making it look like their incomes fell more than they did in the subsequent year. Moreover, many of the poorest households were somewhat protected in the early crisis period because a

larger portion of their income comes from social transfer payments which were initially index-linked to price rises immediately prior to the crisis. Several substantial rounds of reductions in the generosity of welfare payments and reductions in the top rate of income tax since 2010 will have increased inequality, but this is not yet showing in the overall data. Inequality is likely to rise (Belfield *et al.*, 2014; 2015) to at least pre-crisis levels in the near future.

The way in which the labour market has responded to the crisis is significant in this story. While employment levels held up relatively well during the actual recession, the cost for this has been felt in downgraded wages and employment conditions, distributed unequally across the workforce. Hourly and weekly earnings fell across most of the income distribution over the period since the crisis. Between 2006-08 and 2013 mean hourly earnings fell by 5.6%. Reflecting the changing structure of employment toward falling hours for full time workers and increased part-time employment, median weekly earnings fell in excess of hourly earnings. Full time median earnings fell by 7.6% (again slightly more for men). Earnings also became more unequal. The reductions in full time weekly earnings was 10.3% for the poorest decile of households and 4.5% for the richest (Hills *et al.*, 2015). Compared with previous recessions, it seems that the crisis of 2008 onwards has had a much longer-term impact on household incomes. While earnings for poorer households remain depressed compared to pre-crisis levels, income from savings and investments have recovered (Belfield *et al.*, 2015:18, 21-23).

These effects also reinforced other pre-existing inequalities. Women of working age are now better qualified than working age men, but this does not equate to an equal employment rate or earnings. Although there has been a significant closing of the

employment gap in recent decades, women are on average still paid almost a fifth less than men (Bovill, 2014) with career gaps to undertake unpaid reproductive labour remaining a large part of the explanation, alongside female employment being more likely to be in lower paid sectors such as commodified reproductive care work, hospitality and catering. During the recession female full time workers saw their earnings fall more than those of their male counterparts (Hills et al., 2015:18). Where gender pay gaps have declined or been reversed this tends to be the result of the downgrading of male (especially young male) employment and increased reliance on casualised part time employment, rather than an enhancement in the position of women. On top of these changes in market earnings, state-authored austerity has enhanced gender inequity, with women bearing the brunt of tax and benefit changes (some estimates place this at 80% of the burden) (Pearson and Elson, 2015).

Changes in employment and earnings also vary by ethnicity. People of Bangladeshi background are almost half as likely to be in full time employment as are white British people. The mean income of Asian/Asian British 'headed' households in 2012/13 was only 82% of white households before housing costs and 75% after them. For Black/Black British households their mean income was only 79% and 70% of white households before and after housing costs (HBAI Dataset). Moreover, during the recession most ethnic minority households have fared worse than white households in terms of changes in their equivalised household income after housing costs (Hills et al., 2015: 50–60).

As in other parts of the OECD, it seems that the unequal impact of the crisis has been particularly notable in relation to different age groups. In the UK, the youngest have been hardest hit, with policy choices to protect pensioners augmenting the impacts of

unemployment, casualization and lower pay growth (Belfield *et al.*, 2014; McKnight *et al.*, 2015). Reductions in both hourly and weekly earnings were most pronounced in the post-crisis period for younger age groups. Both men and women under thirty in 2013 were paid more than 10% less than their predecessors in 2007/8 in terms of hourly earnings and this was exceeded in relation to weekly earnings for all sub-groups of the under-30s. By contrast, older age groups experienced much smaller declines in earnings and some gained (Hills *et al.*, 2015).

Of course since the 2015 GE more policy changes have been announced which can be expected to further enhance market discipline among for the poor and redistribute resources between households which are likely to increase household inequality (Elming *et al.*, 2015). This is already increasing deprivation for some households, leading to higher levels of bills and rent arrears for affected families (Belfield *et al.*, 2015:67, 77-8). Again these changes are estimated to be particularly damaging to women, single parents (mostly women) and to ethnic minority families with children (WBG, 2015).

Austerity is clearly grounded in the world market in which states are unevenly locked together in contrasting 'inequality regimes' including societies outside of Europe and North America (Boyer, 2015). Most obviously, the long-term falling wage share is partly a product of the state-assisted internationalisation of production. In the post-war era of greater equality, steadily increasing pay was one feature that brokered political stability. The falling wage share since that point has been generated by internationalised production, and its political effects have been offset by the availability of cheap imported consumer goods and credit (Harvey, 2010: Ch1). Now, the combined effects of earnings polarisation and state-imposed austerity are also

grounded in the world market. To illustrate this one need only consult the widely and frequently cited competitive threat from emergent market economies (Cammack, 2006) and the rationale offered for austerity: because international creditors will punish societies for not ‘living within their means’ (Radice, 2011). In this way, the world market is constituted inside the national economy, and structures the ways in which the domestic sector engages with it. It is to reproductive relations within the domestic sector that we now turn.

The Reproduction of Inequality

Feminists have long been critical of materialist scholarship (Elson, 1998; Hartmann, 1979) for paying insufficient attention to the gendered ‘background conditions of possibility’ (Fraser, 2014: 60) that enable capitalist accumulation *via* the unequal social relations of production. These substantial, but often hidden, foundations include social reproduction, nature and the constitution of capitalist society in political forms that can uphold property rights and social order (Bakker, 2007; Bakker and Gill, 2008). Social reproduction ‘refers to the carework necessary for biological reproduction, the reproduction of human labor (and – in large part – the social and cultural values of specific societies)’ (Steans and Tepe, 2010: 809). By integrating concerns with social reproduction into the production of inequality it is possible to show how household wealth, far from being ‘unproductive’, is hugely significant in establishing the conditions for, and inputs to, the production of surplus value. Production and social reproduction are dialectically related and mutually constituted, in and through class struggle and the state as a moment in this.

Households are also the site of gendered struggle. If the labour and reproductive processes located in and between households are subordinated to capital, their internal gendered structures are patriarchal also. It suits capital that essential inputs to the reproduction of the capital-labour relation are undertaken ‘behind the hidden abode’ (Fraser, 2014), but this is also useful to men. For sure, the argument here is that these gendered social relations are subordinated to the logic of capital. It is capital and not necessarily patriarchy that has restructured households’ reproductive functions so that more women now participate in the formal labour market than a decade or so ago. But in that process gendered power structures have been remarkably resistant to these changes and have ensured that they have taken place on terms that are relatively advantageous to men. As Hartmann (1979: 6) quipped at the end of the 1970s:

who benefits from women’s labour? Surely capitalists, but also surely men, who as husbands, and fathers receive personalised services at home. The content and extent of the services may vary by class or ethnic or racial group, but the fact of their receipt does not. Men have a higher standard of living than women in terms of luxury consumption, leisure time and personalised services.

As we shall see, though altered in content, extent and structure by the production and reproduction of inequality between households, gendered inequalities remain an important feature of within household inequality.

Different households confront the often unpaid labour of social reproduction with vastly different financial and non-financial resources. For example, financial resources may offset the need to ‘deplete’ non-financial resources by working long

hours in paid labour. They also shape the differential ability of households to consume goods and services from the market and/or leverage state provision in the process of reproducing labour power from day to day and between generations (Elson, 1998: 203; Rai *et al.*, 2014). The availability of universal state provided reproductive services (e.g. housing, childcare, education) and redistribution (whether through standard or in-work transfer payments) might equalise some of this. If the shift to capitalist social relations in the first instance was accompanied by an internalisation of socially reproductive tasks within the household, neo-liberalisation has reduced the availability, quality and coverage of these services, putting increased pressure on domestic ‘shock-absorbers’ in the household and meaning a greater reliance on consumption from the market also, with housing being a prime and pivotal example.

As an indication, in the aftermath of the crisis, reported levels of material deprivation among working families have risen so that now more than three million children live with some degree of material deprivation on the government’s preferred measure. For lone parent working families this means that more than 34% of children live in material deprivation, rising to more than 60% for non-working lone parents. Even among couples with one parent working nearly a quarter of children are reported to be in material deprivation. Only children living in households with two parents working were relatively insulated from this (Belfield *et al.*, 2015: 79-82). When disaggregated by family types and expenditure patterns this data shows that the effects of material deprivation are felt even more by adults. This confirms other research which shows that mothers in particular insulate their children from income/expenditure tensions (Blow *et al.*, 2012). As such, not only are income/earnings reductions and changes in living standards raising levels of poverty and material deprivation for some families,

it is often parents' ability to reproduce themselves that is most affected. As Pearson and Elson (2015) report, this may well underpin the rise in women's use of mental health services in some areas. On all measures, absolute poverty levels are significantly higher after housing costs are taken into account, than before them.

Differential material resources between households, then, have important implications for socially reproductive relations and processes within them. Those households which have sufficient financial resources can afford to buy-in domestic, caring and other reproductive labour to replace the resources previously available through the community or state, though often further entrenching inequalities between households, as in the case of international care chains, with these bought in domestic services coming from highly exploited migrant labour (LeBaron and Roberts, 2014). By contrast, those households unable to cope with these shifts have been at the forefront of the 'dissonances' between neo-liberalisation and political stability and the resulting bourgeois concerns about parenting and domestic labour being insufficiently oriented toward the production of effective workers and stable social relations, as in New Labour's concern with parenting and anti-social behaviour (Elson, 1998) and more recent concerns with 'Broken Britain' (Duncan-Smith, 2006). In these conditions the UK state has been exceptionally active and interventionist inside the household and family to shape reproductive processes in the interests of capital and the state (Daly, 2013).

As household inequalities have increased and the efficacy of collective institutions to press claims for labour *vis-à-vis* capital declined, households themselves have been incentivised to become more strategic about their own reproductive endeavours. Lucas (2001) identifies processes of 'Effectively Maintained Inequality' as household

strategies adjust to institutional and other changes, to maintain or enhance their social status and that of their children, including through the use of credit for ‘defensive consumption’ (Montgomerie, 2006). The focus here is not so much on how stratification occurs, as the ways in which households are differentially able to bestow these advantages on the embodied labour that they reproduce on a day-to-day *and* inter-generational basis (Roberts 2015). Households are not just socially reproductive, they are reproductive of *specific* positions in a highly stratified society. The labour processes and resources which produce these differentiations should not be seen as necessarily functionally reduced to the demands of capital. Love, caring and family ties may not be reducible to functional inputs to the production of surplus value, and the ways that children in particular receive these resources to different extents is not purely driven by class relations. However, in a wider society subordinated to the logic of capital, these differences become functional to capital in its quest for dominance over the production and reproduction of labour power. Such differential reproduction is also in large part dependent on inequalities of wealth, income and access to credit (Montgomerie, 2009; Roberts, 2015; Soederberg, 2014). To ask these questions begs a focus not just on the production of inequality in the social relations of production but on the consolidation and extension of inequality within and between households in the social relations of *reproduction*.

Again though, the state is not neutral in this process. As analysis by the Women's Budget Group¹ has repeatedly shown, state policy has helped significantly to ensure that it is poor families with children and single parents – mostly women – that have been most negatively effected by the distributional changes in fiscal policy (Pearson and Elson, 2015). So in its redistribution of economic output, state policy in conditions of austerity is accentuating the inequality of financial resources between households. Not only then has the state intervened to assist capital to reduce the relative bargaining power of labour leading to the enhanced production of inequality, it is also busy further eroding the 'reproductive bargain' between households, the state and capital, thereby entrenching and reproducing inequality between and within households (Pearson and Elson, 2015).

Families and households always play a strong role in determining the life chances and position in the social hierarchy of their children, but this is notably different between the least and most mobile as well as the least and most unequal societies; Denmark displays notably lower levels of inequality and higher levels of mobility in the income distribution across generations than does the United States (Corak, 2006; Corak, et al., 2014; Blanden, 2015)). Nevertheless, even in Denmark there is a strong persistence across generations in relation to positions in the income distribution (Holm and Jæger, 2008).

¹ see: <http://wbg.org.uk/>.

There are a variety of studies which explore the different explanations, both for the inter-generational transfer of social (dis)advantage and for the variance between countries (for reviews see Nunn, 2013; Nunn et al., 2008). These studies suggest that a wide range of factors influence the way in which (dis)advantages are passed between generations including the way in which families and households affect the accumulation of soft² and hard skills (including ‘cultural capital’), advantageous social networks, interaction with the education system and labour market. Similarly, the level of inequality in a society can shape the ways in which families strategise for their children – and even grand-children (Chan and Boliver, 2013a, 2013b) – and the extent to which they are likely to attempt to protect them from downward mobility in particular, as well as reproducing (dynamically) differences between male and female labour power (Gardiner, 1998). In all these societies – to differing extents – gender inequality remains significant. The OECD estimate from time-use surveys that on average across weekdays and weekends people spend around three hours a day on unpaid domestic labour, with women reporting that they spend nearly twice as long as men (OECD, 2014b).

Household formation is central to the ways in which households confer these differential advantages. Studies estimate that assortative mating – the commonsense observation that families form reproductive partnerships within social groups – accounts for 40-50% of inter-generational income group persistence across

² Usually understood as non-cognitive or social skills, including communication, negotiation, mediation as well as attributes such as reliability

generations (Ermisch *et al.*, 2006). This mirrors a range of studies which suggest that the entire household and extended family effects are significant in transferring advantages and disadvantages across multiple generations (Jæger, 2012). Increasing diversity in household structures – second families, gay and lesbian families, lone parents, transnational families – simply add variety to the mix here. Research (Nunn, *et al.*, 2008) shows that larger numbers of children, ‘depleted’ parental assets (as may be more likely in lone parent households or families experiencing conflict over parenting) might be disadvantageous from the point of view of inter-generational reproduction. Where these families are unable or unwilling to display the ‘responsible’ and ‘aspiration’ necessary to offset these issues, they are subject to state discipline (Tepe-Belfrage and Nunn, forthcoming).

State and other institutions influence and underpin class-cohesive and racially cohesive household formation; as Holmlund (2007), shows the degree and extent of intra-class household formation is affected by the degree of segregation in the education system, for instance *via* early tracking of pupils into academic and vocational streams. As other contributions to this volume demonstrate (Cain, 2016; Greenstein, 2016) state institutions under austerity politics are acting to reinforce what are perceived to be family structures supportive of reproduction suitable to both the state and capital, with women and mothers particularly targeted to bear this responsibility by interventionist state programmes (Daly and Bray, 2015; Montgomerie and Tepe-Belfrage, 2016). Similarly, household formation and experiences of the education system interact with a wider range of other institutions such as housing markets, childcare provision or the openness of occupational regulations. Institutional variation between states is important then in shaping the

relationship between production and reproduction in different ways (Blanden *et al.*, 2014). In Germany, early educational tracking is particularly significant (Jonsson *et al.*, 2009; Muller and Pollak, 2004), while in Denmark cultural and social capital transfer appears to explain persistent differences in a comparatively narrow distribution (Holm and Jæger, 2008; Jaeger, 2007; Jæger and Holm, 2007).

In the UK the link between labour market returns to education, household formation and *housing markets* is particularly strong, and therefore driven by a range of institutions, including the state regulated and constituted labour market, education and skills policy, family policy, housing and spatial planning. The development of the norm for owner occupation from the 1970s onwards ran alongside increasing pay inequalities. As both processes developed, the housing market and spatial planning acted as ‘sorting mechanisms’, placing those least successful in labour market restructuring, or those facing other disadvantages (such as direct and structural discrimination, including ethnic minorities and lone parents), in increasingly residualised public and social housing (Hills, 2007). This in itself is likely to reinforce pressures toward class- and income group based assortative mating. However, there are other feedback effects too. While the UK does not have a formal streaming process in the education system, the housing market acts as a selection mechanism for access to publicly funded schooling with differential perceived quality. School selection through the housing market can often result in cohesive class and racial cohorts, beginning a process of educational selection that continues through further and higher education. Poorer social groups have been less able to take advantage of the expansion of higher education (Blanden and Gregg, 2007) over the last three decades, and where they do they are more likely to be found in institutions or subjects

which are perceived in the labour market to be of lower quality and attract lower pay returns (Reay, 2001; Reay et al., 2010).

Differential access to the housing market is correlated with other aspects of advantage and disadvantage (Nunn et al., 2008: 64–5). Some studies suggest that those with assets are more likely to have higher levels of confidence, own other financial assets and to have better educational attainment and access to further credit. Moreover, public and social housing, as well as neighbourhoods dominated by private renting have been associated with negative ‘area effects’ including poor transport links, higher crime, higher levels of residential turnover, more restrictive and/or costly access to credit and negative selection bias in employer recruitment (Nunn et al., 2010).

All these factors were entrenched before 2008. However, there are important ways that we might think of these factors being accentuated as a direct result of the crisis and the subsequent politics of austerity. We have already seen that earnings and income inequality have increased and this has hit young people disproportionately. Because of the effects of existing differences in asset (particularly housing) accumulation between households, it is likely that over the long-term, the wealth and income gap will grow larger. A series of research projects undertaken by the IFS suggest that people born in the 1960s and 70s are likely to be worse off than their parents in retirement because of their different patterns of saving and personal debt. The caveat to this is whether or not they inherit (Hood and Joyce, 2013). Since the ownership of assets to pass to the next generation is itself unequal, this is likely to increase the relative contribution (in terms of incidence and scale) of inheritances to household wealth inequality (Crawford et al., 2015: 54). Further, because of intra-

class household formation, it is likely that inheritance will be even more unequal between households advantaged by ‘double inheritances’ and those that do not inherit at all. These are the very households whose children are now entering the labour market in conditions of increased polarisation and insecurity. The interaction of these various effects means that households have very different capacities to protect subsequent (and several) generations from the problems facing younger people now. Yet, at the same time, increasing the realisation awareness within the population about future insecurity means that a general law of household competition is increasingly apparent. This is part of the subordination of households as reproductive units to the logic of capital. Capital and class divisions do not wholly eradicate and replace other social divisions, such as those of gender, ethnicity, disability and so on, but capital is increasingly ‘ecologically dominant’ (to paraphrase Jessop, 2012) over the reproductive sphere, by which it is meant that the logic of capital predetermines the problems that other social divisions must confront. It thus becomes in the interests of reproductive institutions to engage in competitive reproduction as a function of the search for long-term and inter-generational security.

Recent trends further compound these changes. The preference for owner occupation has weakened markedly over the last ten years. The proportion of households who are owner occupiers has fallen from 70% at the beginning of the 2000s to 63% in 2014 (DCLG, 2015: AT1.1–1.5), with a corresponding doubling of the proportion of households in privately rented accommodation. This is particularly true for younger households and these trends have accelerated since the crisis; nearly 50% of households ‘headed’ by someone aged under 34 were renting privately by 2012/13, compared to 21% in 2003/4. This means that low income and younger households are

less likely to be accumulating assets than were equivalent households only a few years earlier. These households are also facing higher rental costs because of the premium attached to rents relative to mortgage costs currently (average rents were 40% of average income compared to 20% of income for mortgage costs), meaning lower living standards – reproductive conditions – for renters for a given income. This means that changes in incomes, levels of depletion and capacities to produce different qualities of reproductive labour between households since 2008 are even more acute. Secondary processes of accumulation and ‘disaccumulation’ (Montgomerie and Young, 2010) further deepen these reproductive inequalities between households across generations as high income/wealth households accumulate ‘buy to let’ housing which they then rent to poorer and younger households. In 2007, buy to let mortgages accounted for 8.5% of the value of all outstanding mortgage debt. By 2015 that had nearly doubled. Just as commodities obscure the social relations of production, the housing market obscures the unequal and secondary redistribution of wealth in the social relations of reproduction *between* households, whether mediated by the credit system or more directly through rent. This has inter-generational dynamics not just between age groups, but, through the mechanism of inheritance, on a class basis within age groups.

Once again these economic household inequalities are distributed according to divisions of ethnicity. 66% of households ‘headed’³ by someone of white ethnicity are owner occupiers against 54% for Pakistani/Bangladeshi headed households and 29% for Black households (DCLG, 2015: AT1.3). All none-white ethnicities have lower proportions of owner-occupiers and higher levels of private renting than white households. Of course demographic factors overlap so that some non-white ethnicities are also likely to be younger, but the point remains that the distribution of housing assets is unequal between generations and between ethnicities and that inequality appears to be growing.

Conclusion

This article makes the relatively straightforward point that inequality does not just occur, it is *produced* in the structurally exploitative relationship between capital and labour, in which the state is not a neutral actor. Rising levels of inequality have been produced by class struggle. At the present moment of austerity, state power is once again being marshalled to further restructure the capital-labour relation in ways that undermine the bargaining power of labour in UK society, as well as in the wider world market. Since labour power is carried by people, it is important to note the gender, race and other divisions through which the costs of austerity are imposed.

³ This refers to the ‘Household Reference Person’ who is taken to be the person in whose name the property is owned or rented, or the person with the highest income, or where all of these are shared, the person with the highest income. This is likely to have obvious gendered and ethnicity effects in relation to the data.

Looking at the current empirical evidence, the effects of the crisis and austerity politics appear to be entrenching current divisions of inequality along class, racial and gender lines, with the state again active in the distribution of these effects between and within households. More significantly, the very specific effects of the crisis appear to have affected the bargaining power of younger people disproportionately, and this may have substantial long-term consequences. Empirically, the discussion suggests that inequality in the short- and long-term will increase as a result.

More controversially, it is argued that the domestic sector is productive of labour power, the most important input into capitalist production. Returning to the initial criticisms of Piketty for not differentiating sufficiently between productive and unproductive assets, the long lineage of feminist theorising of ‘productive’ and ‘unproductive’ labour can help us here. Household wealth is productive in the sense of both the sheer amount of work and ‘production’ that goes on while hidden from the economists in plain view. A household is productive too in that it produces the most essential inputs to the accumulation process: labour power, without which the capital relation cannot be reproduced. This may mostly be at one remove from the production of surplus value, but it is necessary nonetheless. While this might be regarded as hidden labour in terms of the social value and status it is accorded, it is far from disregarded by the state, especially in the UK, where intervention in the family to ensure the ‘right kind’ of reproduction (Daly, 2013).

As such, household wealth and income inequality (re)produces inequalities expressed in the form of a highly stratified working class. Trends in household inequality should therefore not be dismissed but analysed as a whole; as part of a dynamic dialectic between the social relations of production and reproduction. When looked at in terms

of the day-to-day and intergenerational process of reproduction, it is easy to arrive at a ‘chicken and egg’ dilemma about where inequality is generated. Families and households reproduce the human beings who take up differential positions in social classes that are internally stratified according to their relationship to capital, not least on a gendered basis. Those differential positions are partly determined by qualitative differences in the reproduction of labour power. As such, it is hugely significant that different households approach socially reproductive tasks with very different levels of resources, and these might not be used to support all members of the household equally. Not only this, differential household assets are themselves a source of accumulation and disaccumulation (sometimes productively of surplus value, and sometimes not). The clearest indication of this in the UK is in the housing market where rented housing has become both a relative drain on some households’ resources while being used by others as an income generating asset to offset long-term economic insecurity.

None of this suggests that all work in the domestic sector is wholly subsumed to capital. Care in particular involves characteristics that are driven by motivations other than the logic of capital. However, households and the wider domestic sector are embedded in a wider society that is subordinated to capital, and the discussion in this paper shows that the characteristics of the relationship between households and the economy are increasing insecurity, especially in the longer-term. The implication of this is that household labour and care – especially in inter-generational terms – is increasingly subordinated to the logic of competition, in the context of rising inequality. In the process the boundaries between capitalist and non-capitalist activities is increasingly blurred. Even where economic activity is non-capitalist it

may be subordinate to the demands of capital: as the example of parenting above shows. That these responsibilities are increasingly pressured, and still gendered, reminds us that exploitation in productive labour is gendered as well as capitalist.

These inequality dynamics might now be giving rise to a 'new politics of inequality'. Currently the evidence seems to suggest that the terms of this 'new politics' so far are for elites to recognise, rather than deny (as previously), both that inequality has risen and that it is politically significant in terms of the reproduction of stable societal structures. However, political processes in the UK – such as welfare reform, the introduction of a new 'National Living Wage' and the political rhetoric around social policy do not show any signs of dealing with this by reducing inequality. Rather the terms of this debate remain fixed on manipulating the rhetoric of the deserving and undeserving poor, and from there placing the blame on poor families for their socio-economic position. In sum: blaming poor families for not responsibly reproducing society in forms suitable to capital in an uneven world market.

Households themselves face a dilemma. Increasing insecurity is the product of increasing inequality between households, but in the face of the decline of collective institutions they must engage in reproductive competition as a means of achieving greater security over the long- and inter-generational terms. Feminists too have long faced a dilemma in that the increasing opportunities for economic participation have been shaped by patriarchal power structures which have meant gains have come at the cost of the double burden and increased household inequality. Reading inequality as inter-sectional and as a product of both productive and reproductive social relations is not just an analytical necessity but a political one too.

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