New report shows sharp growth of inequality in Britain

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Figures released by the Institute for Fiscal Studies (IFS) show that wealth distribution in Britain became more unequal during the 1980s.

Behind an overall rise in average wealth for the decade lies a worsening of the situation for large numbers of working people. Nearly 30 percent of British people have no savings or investment outside of their homes or pension. Around 10 percent have no savings at all. Most of the bottom 10 percent is made up of single parents, or out-of-work couples, the report says.

Half the population has less than £750 in liquid savings, an increase on the figure of £455 in a 1991/92 survey. Highlighting growing inequality in the country, however, the report cites the average level of savings as £7,136. This figure is almost 10 times higher than the median figure of £750, and indicates that a privileged few must be doing very nicely.

The top quarter of the population achieve an average level of investment of more than £5,000, the report says, but this differential is only part of the story. The further up the social ladder you go the greater the wealth differential. The wealthiest tenth of the population have an average level of investment of £50,000—more than 60 times greater than the median figure for savings.

The figures cited in the report do not reveal the full extent of the social gap. Home mortgages are counted as savings for the purpose of the report, when, for the majority of working people, it is a debt that will barely be repaid over the course of their working lives.

Between 1976 and 1996, home ownership spread from half to nearly two-thirds of householders. The proportion of the population holding shares has also increased significantly, up from less than one in ten households at the beginning of the 1980s, to more than one in five at the end. Neither of these indicates a growth in revenue for working families.

In their 18 years of power, successive Conservative governments forced Local Authorities to sell off public housing stock. Government legislation then forbade them from using the revenue from sales to build new houses. This, combined with ever increasing rents, forced many to buy their own homes. Usually portrayed as a way to advance social status, it led to massive debts and a ten-fold increase in home repossessions.

The rise in share ownership is due largely to the wholesale privatisation of public utilities in the 1980s, but the growth in small shareholders does not signify a substantial redistribution of wealth, nor does it challenge the financial domination of the major corporate billionaires.

The 1980s also heralded the growth of tax-exempt special savings accounts (Tessas) and personal equity plans (Peps), which were taken up by about one in 10 people in each case. The report notes that this 10 percent is drawn from the more wealthy in society, with the median wealth of Tessa and Pep owners being 20 times that of the population at large.

The impetus for the report, entitled *Household Savings in the UK*, is the policy being pursued by the Blair Labour government to dismantle the welfare state. A press release from the IFS says, "The shift in responsibility for welfare provision from the government to individuals has made household saving a key policy issue and the government is keen to encourage saving through the new Individual Savings Account and stakeholder pensions." It raises concerns over the impact on the poor of such polices. "The groups who make up the new poor in terms of income are also the least likely to have any wealth. The fact that they are not able to save means they are more

likely to be poor ... in the future as well," it concludes.

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