Britain: Sunday Times “Rich List” notes fall in combined wealth of super-rich

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The annual *Sunday Times Rich List* is based on the newspaper’s estimates of the minimum wealth of Britain’s 1,000 richest people. What makes this year’s list noteworthy is that for the first time in nearly a decade the combined wealth of the super-rich is estimated to have fallen.

The newspaper acknowledges that the actual size of their fortunes may actually be larger, much larger, than the stated figure. The list measures only identifiable wealth, whether land, property, racehorses, artwork or significant shares in publicly quoted companies—but the contents of bank accounts and small shareholdings in private equity portfolios are not included.

Nevertheless, global economic insecurity and recession together with the recent precipitous decline of the stock market have taken their toll on these vast fortunes. There won’t be a mad rush to cancel subscriptions to *Town and Country* magazine, but collectively they have lost £3.8 billion—a 2 percent fall. This reduces the collective wealth of the top 1,000 to £155.86 billion.

The impact of stock market losses also found expression in the lowering of the threshold for entry in the list. The £5 million cut in the threshold was the first in eight years.

British losses have proved minor compared with international developments, where the past year has witnessed the eradication of £85 billion, down 16 percent, from the wealth of the world’s 50 richest individuals and a £16 billion loss for Europe’s richest—a fall of 7 percent.

The richest Britons have fared better. The number of British billionaires remained the same as in 2002; and while the stock market lost half of its value over the past three years, the super-rich are still collectively worth £10 billion more than they were at the same time last year. The same cannot be said for the hundreds of thousands of working people in Britain who own shares and whose pensions are tied to the fortunes of international markets.

Those who fared badly tended to have fortunes connected to banking, insurance, stockbroking and finance, which lost 5 entries, down to 98.

Worst affected was the wealth of those who saw their stock rise meteorically during the 1990s dot-com bubble. Only a small number have established themselves with a degree of permanency, with the majority falling away.

Retailing lost some of its sheen, as did food retailing, previously seen as a particularly safe bet in troubled times. The Sainsbury family, which owns the supermarket chain of the same name, suffered a halving of its wealth from last year. The family is now worth £1.5 billion—half of last year’s total. Sainsbury’s share value has fallen 16 percent this year. The penetration of American retailer Wal-Mart into the British food market, through its purchase of the Asda chain, is leading to the sector’s wholesale reorganisation. Sainsbury’s, for one, is currently engaged in the restructuring of its workforce, renegotiating employees contracts and terms of employment while forcing subcontractors to do the same. The supermarket chain is squeezing more hours, more unsocial hours and fewer holidays out of those on its payroll, while suppliers and subcontractors such as Excel Logistics, its main distributor, are currently forcing more weekend working from its drivers.

While those with major holdings in stocks and shares lost ground, those with substantial land and property holdings retained their ranking. A record number in the list made their riches from land and property, up five from the previous year.

That hardy perennial, the Duke of Westminster, finished on top of the heap for the third year running. He saw his international position jump from 46th richest to 35th due to his ownership of large tracts of Britain. But he would do well not to celebrate his personal wealth reaching almost £5 billion too soon, as his assets are unlikely to prove immune to the current over-abundance of central London office space and the falling value of the capital's housing market.

Other climbers in the list are those who got out of the stock market while the going was good and sold their business interests—such as the Moores family, which sold its Littlewood retail and mail order firm to the Barclay twins for £750 million in cash in October 2002.

The other winners, according to the *Sunday Times*, are those who "acted with the most boldness." The paper singles out the Reuben brothers, whose fortune is derived from their "extraordinary" performance in the Russian aluminium industry in the early 1990s. Extraordinary indeed. During the process of capitalist restoration and the selling off of state assets at bargain basement prices, David and Simon Reuben amassed an incredible £2.1 billion by investing in Russia's aluminium industry and property. They jumped 248 places to rank fifth on the list after their wealth was "reassessed."

The British music industry has produced 52 entries. Leading the field is Sir Paul McCartney, who broke into the top 30.

The service sector also had its fair share of winners, with health and fitness industries figuring strongly—up 6 to 66 in the top 1,000.