

The rise of Britain's super-rich

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A recent “Panorama” documentary on BBC television, “Winner Takes All Britain?,” provided a useful insight into the growing gulf between the super-rich and the rest of society.

It began with examples of the conspicuous consumption indulged in by an elite 1 percent of the population whom the programme dubbed the “runaway rich.” Haircuts at Nicky Clarke’s hairdressing salon are £500 a time—more (£1,000) if at short notice. They have never been as busy.

The director of H R Owens luxury car dealer, whose customer base used to be the aristocracy, explained that the number of customers with salaries in excess of £100,000 had mushroomed. His customers are now mainly from the City. He explained how, when the bonuses are announced, they would ring up saying they had £150,000 to £200,000 to spend on what he described as a “toy.”

The Estate Agent Knights Frank has a special department, the super-rich team, headed by Lord Andrew Hay. He was showing the presenter around a £2 million-plus “starter” home. Hay explained that there has always been a super-rich layer, but whilst most people’s incomes have risen with inflation, the gap between the income of the super-rich and the rest of the population has widened in the last 10 years. He said that “the way their wealth has mushroomed is far beyond what we would have imagined a decade ago.”

In Britain, this top 1 percent numbers 400,000, with an average annual income of £200,000. The highest-paid accountant is paid £2.9 million, the highest-paid lawyer more than £3 million and the highest paid chief executive £7.4 million. This compares with most people in Britain who earn less than £19,000 a year.

The programme charted the upward rise of the super-rich. Its rise is tied to the increasing globalisation of the economy, the deliberate strategy adopted by the international bourgeoisie in response to the falling rate

of profit in the 1970s.

In Britain, when Tory Prime Minister Margaret Thatcher came to power in 1979, this elite 1 percent received just under 6 percent of the national income. By the end of the 1980s, this had risen to 9 percent. According to the programme, the last time the top 1 percent’s share of national income was calculated by the Labour government of Tony Blair, it had risen to 13 percent. In short, in the space of just two decades, this layer had more than doubled its already massively disproportionate share of national income.

This layer is not only becoming increasingly wealthy, it is also becoming a more powerful force in politics. “Panorama” spoke to Professor of Urban Planning at the University of California Edward Soja, who said that the impact of this rich elite is “more strikingly visible in London than any other city I know.”

He explained how this “enormous concentration of wealth in 1 percent of the population” had transformed the landscape along the length of the River Thames from the City to Canary Wharf and beyond.

The river is lined with the multimillion-pound apartments that have arisen to house this global elite. He went on to explain that just behind this “screen or mask” were boroughs such as Hackney and Tower Hamlets that are amongst the poorest areas in Britain.

This sort of development is not confined to London. The programme went to Seaham in the North East of England, a former coal-mining community until the industry was destroyed in the 1980s following the defeat of the 1984-1985 miners’ strike. They spoke to Tom Maxfield, who had been sales director in the software company Sage. Due to the rise in value of his shares in the company, he reckoned he was worth £40-£50 million. He has opened a luxury spa hotel in Seaham to cater to the local rich. A weekend stay in the hotel costs £1,000.

The Quayside area of the river Tyne in Newcastle has

also been transformed. Paul Walker, current chief executive of Sage, earns £700,000 a year, with stock options that make him worth millions. According to him, the “one-percenters” are the wealth of the world, and he and his ilk are the ones that can turn Tyneside around.

In the United States, the gap between the top 1 percent and the rest of society is widening even faster. The programme explained how a third of the money in Bush’s tax cuts went to the top 1 percent. Twenty years ago, a top executive’s pay was 40 times that of a worker’s; today, it is 300 times. Last year, the highest-paid chief executive received \$148 million including stock options.

Some more-perceptive representatives of the elite are aware of the dangers that such extreme inequalities represent. The programme spoke to Leo Hindery, a media entrepreneur and a member of the US elite. He stated, “You are setting up a class system the likes of which we have never seen in the world. The most obvious historical precedent is the French Revolution, where the gap between the extremely wealthy and the middle class grew so wide that civil unrest, social unrest erupted.”

He continued, “It’s just destructive to aspirants in the middle class who look up and they don’t even see the top anymore. You can’t conceive of yourself moving into that level of stratosphere.”

Economist Paul Krugman, a professor at Princeton University, compared the present period with that of the 1920s. He explained how in the 1920s the super-rich built great mansions, as described in F. Scott Fitzgerald’s novel, *The Great Gatsby*. He added that the pattern of US income distribution in 1929 mirrors that of today. He regretted the “nastiness” of current US society and longingly looked back to the 1960s when he was growing up, which he described as a broadly middle-class society.

He stated that many in America had no health insurance or lived in fear of losing it, adding that America has the lowest figure for life expectancy and highest figure for child mortality amongst advanced economies.

The programme ended by noting that no British government could afford to annoy this tiny elite by, for example, raising tax levels. The highest level of income tax is 40 percent, but many of the elite pay virtually no

tax. The global economy means that they can simply move elsewhere in the world should any government try to restrict their ability to garner more and more wealth. Under capitalism, all government legislation is tailored to the interests of this elite. This is the source of the drive to dismantle welfare provision and to privatise and destroy health and education. The pace of inequality is increasing and destroying any basis for democratic rights.



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