

# Britain: Inequality at 40-year high

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Social inequality in Britain is at its greatest in 40 years, according to research by the Joseph Rowntree Foundation. The polarisation of wealth between a very rich elite and the (generally working) poor will see the disappearance of the middle class in the near future, the authors warn. One quarter of the British population now suffer from relative poverty in a country with the world's fifth biggest economy.

The Rowntree Foundation report *Poverty, Wealth and Place* explores the social and geographical topography of British inequality by combining various census data from 1968 until 2005. The research also utilised comprehensive maps based on census and survey data illustrating the changes in wealth and poverty over the intervening period. Led by Danny Dorling, Professor of Human Geography at Sheffield University, a team of academic researchers conducted four surveys of poverty and four censuses. They gathered data on consumption and the assets of the rich in order to present social and geographical maps of thousands of British communities.

A further report released simultaneously by the Rowntree Foundation, *Public Attitudes to Economic Inequality*, reveals a growing tide of opposition to the growing disparities that characterise every facet of British life. A majority of the British public surveyed believed that the gap between the rich and poor was too wide. Indeed, over the last twenty years a "large and enduring" majority have felt that social inequality is unacceptable.

The foundation found that households in already wealthy areas have become disproportionately wealthier and the rich live in areas separated from the rest of society. The research also found that the richest in society have not grown greatly in number over the past quarter century, they have just become richer. As their wealth explodes the rich and super-rich circle their wagons in fewer and ever more exclusive housing developments.

What the Rowntree authors call rich, average and poor are less likely to live next door to one another than the already highly stratified residential patterns of the 1970s. The rich and super-rich now tend to live in the outer suburbs and rural areas of the South and South East England.

The poor are increasingly residing in Northern and

Scottish inner cities. Half of the population of inner city areas are poor. The poor now constitute a full one quarter of British society. Four and a quarter million of Britain's children grow up in poverty stricken households.

Only days after the release of the Rowntree research, Roger Bootle wrote in the latest edition of the *Deloitte Economic Review* about how this geographical disequilibrium comes about. London and the south-east, writes Bootle, are economically outstripping other regions, especially the former-industrial regions like the east Midlands, South Yorkshire, the north-east, Wales and Scotland. These regions have been disproportionately affected by the drastic decline of manufacturing's share of the economy. Echoing the concerns of the Rowntree research, Bootle said that left alone these trends will mean "the haves" are likely to become "have mores" and the income gap between rich and poor will continue to stretch.

The Rowntree research highlights how residential areas that today are home to some of the richest in society like Amersham and Chesham in Buckinghamshire and the Mole Valley in Surrey had a socially mixed population twenty-five years ago. Back in 1980 a majority of these districts' populations were, in the language of the researchers, neither rich nor poor. Today only a quarter of the people living in the area fall into this category, whereas at least a third residing in these areas today are now counted in the wealthiest social category. Their geographical separation from the overwhelming majority of society is completed by their private schooling, health care, childcare and recreational activities.

The coalescence of the richest layers of society pushes out both working class households and what was once known as the middle class, who as the research spells out more and more share their social and economic circumstances with the traditionally identified working class.

While the super-rich live in enclaves shut off from the rest of society, the very poorest households are increasingly geographically less concentrated. The geographical dissipation of absolute poverty across the country signals the increasing vulnerability of all working people. Poverty can strike working class and middle class families alike through

redundancy, illness or bankruptcy. Contrary to the image promoted by the government and media, the majority of British workers suffering poverty live in private housing not public.

The research reveals that the proportion of the British population suffering relative poverty has almost doubled since the late 1970s. More recently the proportion of the poor suffering absolute poverty has declined. However, in-work benefits like Tax Credits introduced by New Labour usually only lift the worker concerned up from absolute, to varying states of relative poverty. The low paid casualised workforce in Britain enjoy little security and suffer frequent periods where work is rare and the household is plunged straight back into deep poverty. Vulnerable members of communities like single parents and the unemployed often go without meals and have utility services cut off. Accordingly debt has ballooned over recent years. Among poor households debt relative to income is 20-25 percent higher than the population in general.

The research points out how British relative poverty rates declined from 1968 until the late 1970s, but have continued rising ever since. Poverty was rising during the Wilson/Callaghan Labour governments, but exploded under the Conservative government of Margaret Thatcher elected in 1979. The Thatcher government consciously enacted social and economic policies designed to impoverish the majority and benefit the rich. The rather modest redistribution enacted along Keynesian reformist lines by post-war governments of both Labour and Conservative stripe was reversed and has widened ever since. Inequality continued to rise under Tony Blair's jurisdiction at approximately the same rate as under his heroine, Lady Thatcher.

During the 1990s relative poverty rose while those suffering absolute levels of deprivation fell from 14 percent to 11 percent of households. However, over the same period the wealth of the richest one percent of society rose as a proportion of national wealth from 17 percent to 24 percent. The wealth of Britain's 1,000 richest individuals has quadrupled since the election of Labour in 1997 and jumped an incredible 20 percent in the last year.

The widening gap between the rich and poor means the number of what the research calls "average people" is decreasing. Writing in the *Guardian*, Dorling noted, "Given current trends, only a minority of people may soon live in "normal" households. The majority will either not be able to afford to live a normal life— to avoid debt and take a holiday, or, at the other end of the scale, they will be concerned about inheritance tax, buying their way out of state provision, and how many holidays they can take."

One of the authors of the report, Ben Wheeler, puts things

bluntly: "The middle group is disappearing. The gap between rich and poor has grown bigger, and, on current trends, will continue to get wider."

Wheeler also described the growth of relative levels of poverty with an increasing number of households unable to maintain socially-accepted measures of well being—unable to replace worn out shoes or a television set or perhaps unable to afford a holiday once a year.

The research confirms the predictions made by Marx and Engels that society would increasingly separate between the two great classes: the proletariat and the bourgeoisie. Inequality grows apace because the accumulation of grotesque amounts of wealth in a tiny number of hands is not achieved by entrepreneurial genius, as the media would have us believe, but by the further exploitation of the working class. A process that is rendering the middle class increasingly proletarianised.

The Rowntree Foundation are not the only ones concerned about the political implications of the growth of inequality. The *Guardian* recently ran a week-long series of editorials on inequality by intellectuals and regular columnists. Madeleine Bunting states that the issue of inequality has shifted only relatively recently from "the lonely preserve of the class warriors" to a situation today where the issue is at "the centreground of politics."

Today's so-called middle classes are less well off than their parents. The average house price in London is almost £300,000 and people can no longer live in the areas they would once have expected to. Professor Dorling believes that contemporary London society is a model for Britain's future. He notes, "Over time it has become clear that there is less and less room in the south for those who are neither rich nor poor; they have either moved out or become poor."



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