

Britain: Groundbreaking wealth survey exposes social polarisation

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The Wealth and Assets Survey conducted by the Office of National Statistics (ONS) for the first time allows analysts to access a single source of data detailing the economic status of British households and individuals in the UK.

The Wealth and Assets Survey (WAS) aims to address gaps in the knowledge of the economic well-being of households by gathering information on the level of assets, savings and debts, savings for retirement and how wealth, both socially and geographically, is distributed.

This first WAS report covers July 2006 to July 2008. Over two years the ONS conducted a sample size of 30,595 households. Net total wealth refers to the net total worth of private households, defined as the value of accumulated assets minus the value of accumulated liabilities. Net total worth is the sum of net property wealth, net financial wealth, physical wealth and private pension wealth. The WAS excludes business assets owned by household members.

The survey estimated total UK wealth, including private pensions, as ?9 trillion in 2006-08. Property wealth and private pension wealth each accounted for 39 percent, ?3.5 trillion each, while financial and physical wealth each contributed 11 percent, ?1 trillion each.

The median household wealth amounts to just ?204,500, including private pension wealth. Half the population had this amount of wealth or less. Without private pension wealth the median household wealth was just ?145,400.

To put such sums into perspective, ?150,000 would only be enough to purchase a modest family home in most of Britain.

The Gini coefficient measures inequality on a scale of

0–1, with 0 indicating equality and 1 representing “perfect inequality.” During the years 2006/08 in the UK the Gini coefficient was 0.61 for total household wealth, including pension wealth.

The survey notes, “The inequality of total household wealth can also be seen by comparing the extremes of the distribution.” The wealthiest 10 percent of households were 2.4 times wealthier than the second wealthiest 10 percent, and almost 5 times wealthier than the bottom 50 percent. The poorest 10 percent of society had negative values for both net financial wealth and net property wealth. The bottom 50 percent of British society owned just 9 percent of the total wealth, and this included private pension wealth.

The poorest 10 percent of households had a negative total net wealth, owing more on mortgages and other loans and debt than their properties and other goods are worth. Even though the survey was conducted prior to the economic crisis, a large number of British people relied on debt just to make ends meet on a day to day basis. At least a third of respondents to the WAS say they have never saved any money, while three quarters of households had unsecured credit facilities like credit or store cards and almost half, 48 percent, had unsecured debt, owing an average of ?2,700 each.

The wealthiest half of households had an astonishing 91 percent of total wealth. The wealthiest 20 percent of households had 62 percent of the total wealth, including private pensions. The wealthiest 10 percent have more than 44 percent of all the wealth. If the WAS had examined more closely the top 10 percent it is likely it would find a continuation of the pattern of wealth accumulation growing the higher up the scale one travels.

The lion’s share of wealth is increasingly dominated by a narrow sliver of society comprised of the super-

rich and layers from the upper middle classes.

In 2006-08 the wealthiest parts of the UK in terms of total wealth, including private pension wealth, were in the South-East. The median household wealth in the South-East is almost twice that in Scotland. But such headline data is misleading. The median wealth of the region was ?287,900, but for the majority of people inflated house prices probably account for most of the apparent wealth, while a few are genuinely well-off.

London, the British capital, home of the City, was only a little wealthier than the North of the country. Partially because of an enormously inflated housing market, London has the nation's highest rate of non-property owners. Median assets in the capital amounted to a median wealth per household of just ?173,400. Despite containing some of the wealthiest districts in the country, London is also home to an enormous working class. The poorest English region was the North-East, where the median wealth was just ?168,200. The North West and Yorkshire were only marginally wealthier. These regions, historically reliant upon manufacturing, have been laid to waste over the past 30 years by a deliberate policy of de-industrialisation.



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