New research documents heightened social inequality in Britain

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According to research conducted for the UK's Post Office, the richest fifth of British society have a spare £18,680 annually after living costs to place in savings. This is more than many workers and unemployed have to budget for an entire year. Meanwhile, the poorest fifth of society will spend almost £2,000 (£1,910) more than they earn.

The research, conducted by the Centre for Economic and Business Research on behalf of the Post Office, concludes that since 2002, financial saving is becoming the preserve of the most comfortable sections of the upper middle class whilst the working class suffers a chronic debt crisis.

What these figures reveal is that the poorest 20 percent of British society essentially do not earn enough to live on at the beginning of the twenty-first century, and workers are increasingly being forced into hock to payday lenders and legal loan sharks. Interest rates charged by both legal and illegal lenders in Britain are criminally high. These interest rates in and of themselves are more than enough to create or exacerbate a financial household crisis.

Upon the release of the findings in late May, Henk Van Hulle, head of savings and investments at the Post Office, remarked: "These figures are incredibly worrying. While the UK's highest earners continue to account for the majority of savings, the poorest in our society are actually spending more than they earn. Even with indicators of improvement we are still in the middle of a significant crisis for the UK's poorest people who are sinking further into debt and unable to save".

The poorest British workers simply do not earn enough to keep their heads above water on a daily basis. Many stories in the press over recent years detail households making agonising decisions whether to eat or heat their homes. They cannot afford to do both. Many parents report going without meals so that children can eat. In order to make ends meet whilst household and food bills, housing costs and transportation costs go through the roof, they must beg, borrow or steal simply to stay afloat.

Living standards, wages and benefits are under constant assault, and resorting to the pernicious and outrageous lending terms of the mushrooming business of payday lenders is becoming a daily occurrence.

In short, working people increasingly have little or nothing set aside for a rainy day—i.e., an emergency like being made unemployed, a serious injury that prevents work or welfare benefits becoming their sole source of income. Indeed for the poorest-paid sections of the working class, the unemployed and those unable to work, it is metaphorically raining cats and dogs day in and day out and the roof is leaking.

Without substantial savings, workers can be thrown into a financial crisis by relatively mundane events like the breaking down of a household boiler, basic repairs required to their homes, or their car breaking down.

The research reveals that over the past 12 years, the poorest 40 percent of British society have spent more than they earn—ipso facto, they are living in increasingly debt-ridden circumstances. By contrast, the top 40 percent have been able to save year on year. Even during the beginning of the financial crisis in 2007-2008, those in the highest income brackets had enough disposable income to increase the amount they were able to put aside annually.

The research bases its findings on household incomes of some 2,001 adults. It found that at least a fifth of savers are set to save a lower proportion of their income this year in comparison with 2013. The situation is at its worst in the north west of England, where almost one third of people are expected to save less than the previous year.

In contrast to the much-heralded “economic recovery”, which doesn’t exist beyond the narrow confines of the City of London, the research states that the amount households can save will drop by 30 percent over the next eight years. The average amount households could save in 2010 was £4,414; by 2013, this had fallen to £3,780 and again to £3,630 this year. It is projected to plummet to just £2,944 by 2018—a drop of one third in just eight years.

The research underlines how the growing polarisation of wealth and incomes will continue to be expressed in savings with the ever-expanding financial gulf between the working class and the ruling elite continuing to grow.

In May, the Office for National Statistics (ONS) revealed that the richest 1 percent of British society have accumulated as much wealth as the poorest 55 percent. This sector resides within the relatively narrow regional confines of London and surrounding areas, where household wealth has been growing at a rate five times the rest of the UK.

The research by the ONS revealed that the average wealth of households in the south east of Britain has grown to £309,000 by the end of 2012, an incredible increase of 30 percent since data was first collected in 2006-2008.

The figures, however, are skewed by the figure being given as an average. Workers in the capital and the south east are suffering as much as, if not more than, anyone, because of the sky-high prices of housing and rents in that part of the country. If anything, the figures tend to underestimate the growth of wealth amongst the upper echelons of society and wildly overestimate gains for the working class, when in all likelihood it is falling.

In the rest of the country, the rise in wealth was just 6 percent with the north east experiencing a fall to an average of £143,000 and in Scotland £165,000.