

UK government figures hide £800 billion hoarded by super-rich

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The wealthiest in society are much richer than Prime Minister Boris Johnson's government would have everyone believe.

New research highlighted by the Resolution Foundation estimates that official government figures massively underestimate the growing wealth of the richest in the UK. A huge £800 billion, or five percent of aggregate wealth in the UK held by the wealthiest families, was missed by the latest Office for National Statistics (ONS) figures.

The findings reveal that the level of inequality between rich and poor, which rose sharply after the 2008 banking crisis, is much wider than previously thought. The wealthiest one percent owns 23 percent or almost one quarter of the country's aggregate wealth, rather than 18 percent (less than one fifth) reported by the ONS. During the last year of the pandemic, when so many were plunged into a health and economic catastrophe—with at least 95,000 lives lost already—the richest continued to pile up their wealth hoard.

Resolution Foundation economist Jack Leslie said, "The UK has undergone a wealth boom in recent decades, which has continued even while earnings and incomes have stagnated. But official data has struggled to capture these gains, and misses £800bn of assets held by the very wealthiest households in Britain."

Danny Dorling, an expert on inequality, and Halford Mackinder Professor of Geography at the University of Oxford, commented, "The more closely researchers look into the wealth of the best-off 1%, the greater the slice of the cake we find they have taken."

The Resolution Foundation is a London-based thinktank that declares as its aim the improvement of the living standards of those on low to middle incomes. The research it analysed was conducted by the UK Wealth Tax Commission, which compiles data to

"assess the practical and conceptual arguments for net wealth taxes." The Wealth Commission was formed in the spring of 2020 by a team of academics from the London School of Economics and Warwick University, with close links to the Resolution Foundation.

There is a huge discrepancy between official government figures and statistics produced by the *Sunday Times* Rich List, which provides an estimate of the value of the wealth of the richest 1,000 families in the UK. Last year it listed 147 billionaires. The newspaper only records known assets of its listed 1,000, and last year their wealth was recorded at £742.6 billion. The problem with the ONS figure, explains Resolution Foundation, is that "capturing the very wealthiest families in a survey... is hugely challenging: families are under no legal obligation to respond and there is little incentive for them to do so." The ONS therefore fails to include the wealth of the rich resulting from the burgeoning value of assets in property, shares and land.

The Resolution Foundation rectifies this discrepancy. Its data analysis reveals the changing composition of the increasing wealth of the rich. It notes that "aggregate wealth in the UK has risen fast over the past few decades—from around three times national income in the 1970s to over seven times national income [total economic output] today." The rising wealth has occurred as a "result of passive accumulation [not associated economic activity]."

An increasing percentage of wealth gains, it continues, is due to the rise in asset prices, fuelled by historically low interest rates and government quantitative easing policies: "[T]he vast majority of gains in financial wealth since 2006-08 have resulted from the average change in asset prices over this period—a major driver of this trend has been the secular

fall in interest rates.” This trend it says is unlikely to reverse.

The share of wealth gains accrued from increased asset prices was 93 percent in 2008-10, 93 percent in 2011-12, 82 percent in 2013-14, 76 percent in 2015-16 and 79 percent 2016-18.

To enable a more accurate measure of the total wealth of the richest few, as well as the level of wealth inequality in society, the Resolution Foundation employs “a technique which has emerged in recent years to combine survey evidence with other data sources which better capture the wealthiest families”—merging the ONS figures with those of the *Sunday Times* Rich List.

The Resolution Foundation can offer no answer to this increasing inequality. Like the Wealth Tax Commission, it holds out the prospect that it is possible with a few reforms to mitigate obscene wealth at one pole of society and immiseration at the other. It is “calling on the Chancellor [Rishi Sunak] to embark on the biggest reforms to wealth taxation in a generation—including via the restriction of capital gains and inheritance tax reliefs (together raising several billion), and adding a council tax supplement of 1% on properties worth over £2m (raising over £1bn).”

Its previous appeals for tax reforms in favour of the poorer sections of society have always fallen on deaf ears, whichever political party was in office.

The Wealth Tax Commission calls on the Conservative government, a government of, by and for the rich, to implement a one-off wealth tax they claim could raise £260 billion over five years, to close the fiscal gap created by the pandemic. Who are they kidding?

The latest data proves that the only way to combat social inequality is not with pathetic tinkering but by overthrowing the capitalist order, the source of inequality.

The Resolution Foundation appeals to the very Conservative Chancellor who has overseen a massive handout to business during the £350 billion pandemic bailout, while hundreds of thousands have lost their jobs without financial relief. The *Times* reported in May that 63 of the UK’s richest business heads, including 20 billionaires, benefitted from the government’s furlough scheme, which paid 80 percent of their employees’ wages. Among these were Gopi

and Sri Hinduja, who topped the 2019 list with £22 billion in wealth. The Resolution Foundation admits that the social reforms won by the working class in the post-war period are being clawed back. It writes that since 1980 “the share of wealth held by the richest families has drifted up slowly but the scale of the change has been small in an historical context. This level of inequality means the average adult in the wealthiest 1 per cent of families has around £5 million in net wealth—more than 60 times the average adult.”

The last four decades have seen relentless redistribution of wealth from the working class to the rich, initiated by the Conservative government of Margaret Thatcher and her US counterpart, Ronald Reagan. This process was continued by all parties in government, including the Labour Party (1997-2010).

The wealth of the richest one percent globally is of stratospheric proportions. On January 7, Tesla boss Elon Musk overtook Jeff Bezos as the richest person in the world. Musk has a net worth of \$185 billion—up seven-fold from \$27 billion in 2020.

At the other end of the scale, in Britain there were 14.3 million people living in poverty in 2019. This year it is predicted that almost 40 percent of children in the UK will be in poverty.

When Thatcher became Prime Minister in 1979, corporation tax stood at 52 percent, and when she left office in 1990 it was 34 percent. In the decades since it has been reduced to 19 percent. In 1949, the top rate income tax was 75 percent. Today those earning over £150,000 pay a tax rate of 45 percent.



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