IPPR Commission on Economic Justice

Wealth in the twenty-first century

Inequalities and drivers

Discussion Paper

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The IPPR Commission on Economic Justice

The IPPR Commission on Economic Justice is a landmark initiative to rethink economic policy for post-Brexit Britain.

Launched in November 2016, the Commission brings together leading figures from across society – from business and trade unions, civil society organisations and academia – to examine the challenges facing the UK economy and make practical recommendations for reform.

The Commission is undertaking a wide-ranging programme of research and policy consultation on issues including industrial strategy, macroeconomic policy, taxation, work and labour markets, wealth and ownership, sub-national economic policy and technological change. Through a major programme of communications, events and stakeholder engagement it aims to contribute to both public debate and public policy on the economy. Non-partisan, it has been welcomed by both government and opposition parties.

The Commission's Interim Report, *Time for Change: A New Vision for the British Economy*, was published in September 2017. Its Final Report will be published in autumn 2018.

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NOTE

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Summary

The UK is a wealthy nation; but that wealth is very unevenly divided. This report shows how these inequalities exist between individuals and families, between areas of the country, generations and genders, and between people from different ethnicities and class backgrounds.

Worryingly, while wealth inequality fell for much of the 20th century, it is now rising again, and is set to rise further. Between 2010-2012 and 2012-2014, over half of the increase in personal wealth went to the top 10 per cent of households. A political focus on income inequality alone has masked the true extent of inequality in the UK.

Underlying these concerns, the report's key findings reveal stark inequalities of wealth and highlight the drivers causing them to rise.

- **Wealth inequality is twice as great as income inequality.** The wealthiest 10 per cent of households own 45 per cent of the nation's wealth, while the least wealthy half of all households own just 9 per cent. The wealthiest 1,000 individuals and families in Britain have a combined wealth of £658 billion. By contrast, the net wealth of the lowest 30 per cent of households is £200 billion.
- **The next generation is set to have less wealth, largely due to housing inequalities.** Fewer than half of 'millennials' (those born between 1981 and 2000) are expected to own their own home by the age of 45, based on current trends. Every generation since the post-war 'baby boomers' has accumulated less wealth than the generation before them had at the same age.
- **Among the least wealthy half of Britain, the average household has on average just £3,200 of net financial, property and pension wealth.** This compares to the £1.32m held on average by the top 10 per cent. The total wealth of the top 10 per cent of households is 875 times the total wealth of the poorest 10 per cent.
- **Debt is likely to rise faster than disposable income over the next decade.** In 2017 prices, household disposable income is forecast to rise by 10.3 per cent by 2027 (from £48,000 to £53,000). This implies an average debt per household in 2027 of £85,700, a 21.8 per cent increase from £70,400 in 2017. This includes a projected £28,400 of unsecured debt, a 39.8 per cent increase from £20,300 in 2017.
- **London and the South East are pulling away from the rest of the country.** The total value of housing stock in London is now greater than the housing stock of all of Wales, Scotland, Northern Ireland and the North combined. Median household wealth in London increased by 14 per cent between 2010 and 2014, but in Yorkshire and the Humber it fell by 8 per cent. By 2030, it is estimated that a quarter of homes in London will be worth £1 million or more, compared to fewer than 1 per cent of homes in the North East, Yorkshire and The Humber, North West, Wales, Scotland and East Midlands. If house prices per square metre continue to grow at the rates they have in different regions since 2009, by 2027 a square metre of property in London will be 10.9 times the price of a square metre in the North East.
- **A majority of people want the Government to take greater action to reduce wealth inequality and think 18–24 year olds will have more debt and less wealth than previous generations.** New polling for this report shows that 57 per cent of people think the Government should do more to reduce wealth inequality. 74 per cent of people think 18–24 year olds will have less savings and investments than previous generations and 72 per cent think they will have less housing wealth. 80 per cent think they will have more debt.

- **Trends in the labour market, capital returns and technology threaten to increase wealth inequality.** The longest pay squeeze in 150 years, combined with growing labour market insecurity, is making it harder for many people to save. Real returns to capital have risen at an average rate of 6–7 per cent per year since the 1980s, much faster than earnings, further driving disparities of wealth between lower and higher income households. The concentration of wealth is likely to be exacerbated by automation and digitalisation in the economy, as the returns to capital increase and the returns to labour decline.

This research shows that, if the UK is to build an economy where prosperity is underpinned by justice, we need better public understanding of the distribution of wealth and the drivers of inequality and a stronger commitment to redressing them. Without a change in policy direction, wealth inequality is expected to worsen, with acute and deepening divides in wealth between regions, generations, and households.

Foreword

GUY DAVIES, COMMISSIONING EDITOR FACTUAL, CHANNEL 5

The Channel 5 programme *Rich House, Poor House* sees two families from opposite ends of the wealth divide trade places in a bid to find out whether money really does buy happiness. Voted TV Moment of the Year at this year's Edinburgh TV Festival and nominated for an award at the prestigious Grierson Awards, the series captured the country's imagination, shining a light on the wealth divide and inequality.

In each episode, one family is from the richest 10 per cent, the other is from the poorest 10 per cent. They swap homes, budgets and social status to spend seven days at the other end of Britain's wealth divide. The programme follows that experience to explore how our financial lives directly relate to aspiration, opportunity and life chances. The series has proved to be very successful, regularly topping weekly viewing figures.

While being a popular factual series the programme has clearly hit a nerve with the public – people are really interested in how their financial situation directly affects all aspects of their lives, and the differences in opportunity and life satisfaction between the wealthy and those who struggle financially. In short, can money buy you happiness? What is fascinating in the details of the series is how much lacking the smaller privileges of wealth directly affects people's lives and economic wellbeing – not benefiting from the superstores' discounts because you don't have a car, overpaying on electricity card meters when you don't have the income to run a bank account full of standing orders, not having the credit record for the extra flexibility credit cards can bring to budgeting, even for essentials, let alone holidays and treats. In the absence of rainy day savings, a boiler breaking down can eat up almost an entire week's budget, leaving little money for food, highlighting the iniquities of poverty.

These moments on screen made us think, how does the wealth divide affect society and is it continuing to grow? Channel 5 commissioned IPPR to produce an independent report on wealth inequality to mark the launch of *Rich House, Poor House*. It explores these issues and provides an accurate and unbiased appraisal of the circumstances many families are living through. While on one level it's television entertainment, the series also exposes the wealth divide in a compelling way, promoting real interest and debate among viewers and the press. This report will be a valuable way of converting some of the findings and themes raised in the series into harder and valuable data for future policy discussion.

Introduction

This discussion paper seeks to inform public debate by examining why inequalities of wealth matter, setting out the distribution of wealth in the UK today and analysing the drivers of inequality. It concludes by setting out the key areas of policy that could help reduce wealth inequality.

The purpose of this discussion paper is to set out the main dimensions, effects, and drivers of wealth inequality in the UK. Wealth inequality is a measure of the extent to which wealth is unevenly spread among different groups of households in the population. Household wealth consists primarily of private pensions, financial assets, property, and other physical assets. Wealth inequality is distinguished from income inequality, which refers to the distribution of the annual flows of earnings. Despite powerfully shaping life chances, living standards, and the state of the economy, the scale of wealth inequality, and the problems it creates, are too rarely discussed. Public debate almost always focusses on income inequality, which only tells one part of the story. This has a distorting effect on the policies considered and adopted by governments and political parties.

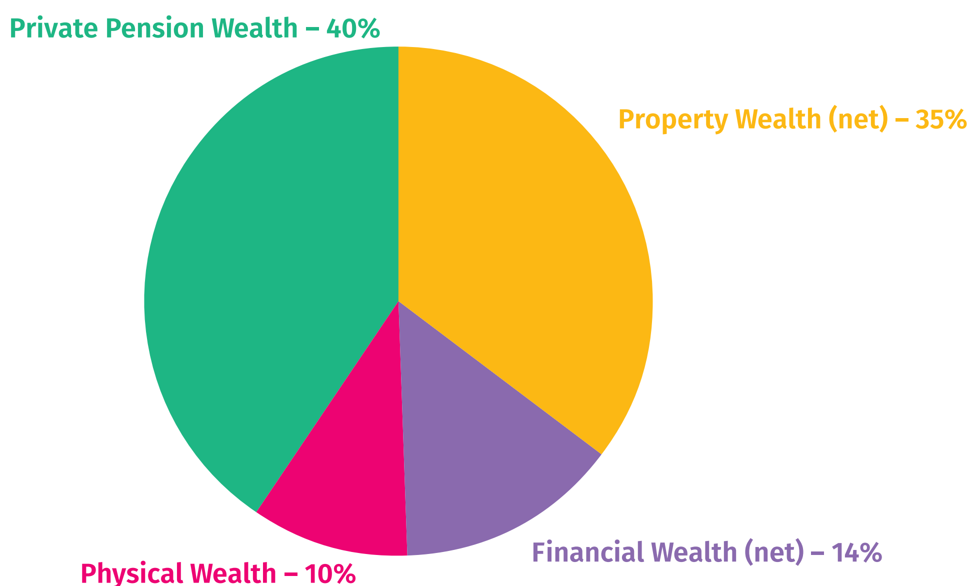
1.
The distribution of wealth in the UK

The UK is a wealthy nation, but that wealth is very unevenly divided. The aggregate total wealth of all private households in Great Britain was £11.1 trillion in the most recent Wealth and Assets Survey (ONS 2015). However, the wealthiest 10 per cent of households own 45 per cent of the nation's wealth, while the least wealthy half of households own just 9 per cent (ibid). Wealth is twice as unequally distributed as income in Great Britain. These inequalities exist between individuals and families, between areas of the country, generations and genders, as well as between people from different ethnicities and class backgrounds. Having fallen for much of the 20th century, wealth inequality has risen since the mid-1980s.

Wealth is a stock of assets. It is distinct from income, a flow of economic resources, though wealth also generates income in the form of rents, dividends and interest, and when assets are sold or realised. Personal wealth in the UK is measured in four categories: private pension wealth, property wealth (net), financial wealth (net) and physical wealth, in that order of size (see figure 1.1).

FIGURE 1.1: PRIVATE PENSION WEALTH AND PROPERTY WEALTH ARE THE MAIN SOURCES OF WEALTH IN THE UK

Percentage of aggregate total wealth by type of asset



Source: ONS 2015

WEALTH INEQUALITY BY HOUSEHOLD

Wealth inequality is twice as great as income inequality

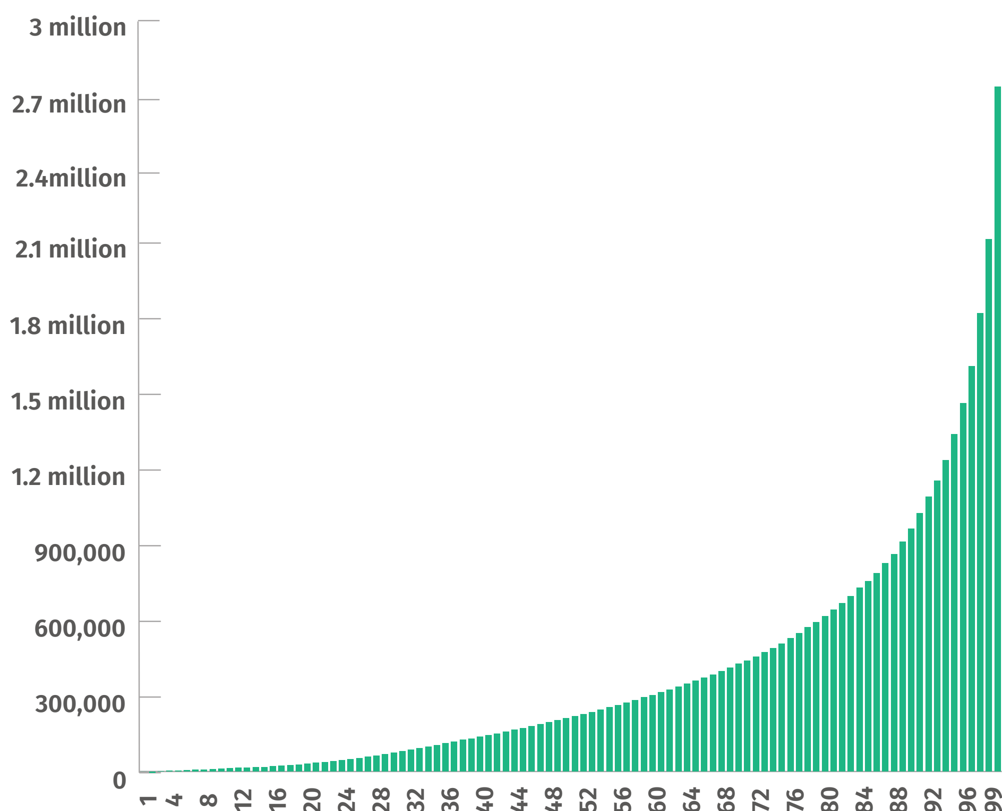
The Gini coefficient for net household wealth in Great Britain (a standard measure of inequality where 0 is perfectly equal and 1 is perfectly unequal) is 0.66, and between adults is 0.69. For net financial wealth per adult it is 0.93

(D'Arcy and Gardiner 2017). By comparison, the Gini coefficient for net household income in the UK is 0.34 (ONS 2015).

Households in the top 10 per cent of the wealth distribution are 875 times wealthier than the poorest 10 per cent. They own five times more wealth than the entire bottom half of all households. The bottom 50 per cent of households in Britain have on average just £3,200 of net financial, property and pension wealth, compared to the £1.32 million held on average by the top 10 per cent. The total net wealth of the lowest three decile households is particularly low, at approximately £200 billion (ONS 2015).

FIGURE 1.2: THE MEDIAN HOUSEHOLD HAS £225,000 IN NET WEALTH. THIS IS LESS THAN A TENTH OF THE WEALTH OF A HOUSEHOLD IN THE TOP 1 PER CENT (£2.87 MILLION OR MORE)

Distribution of total average household wealth (£), by percentile: Great Britain, July 2012 to June 2014

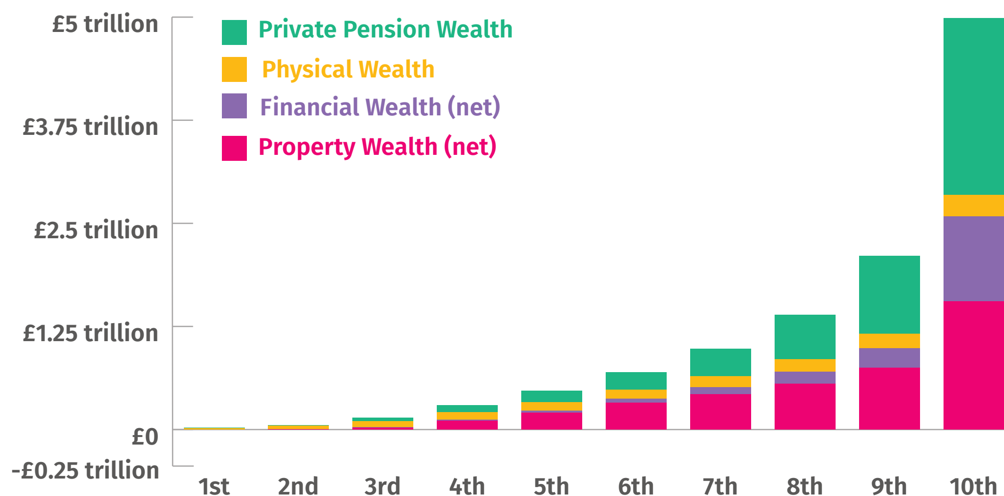


Source: ONS 2015

The elements of personal wealth are distributed differently, with physical and pension wealth most widely distributed and financial wealth least equally shared. The top 10 per cent have property wealth averaging £420,000 in value and pension savings averaging £748,700. By contrast, the average household in the bottom 50 per cent has no net property wealth and only £2,800 in pension savings (ONS 2015).

FIGURE 1.3: FINANCIAL WEALTH MAKES UP A DISPROPORTIONATE AMOUNT OF THE WEALTH OF THE RICHEST

Aggregate total wealth (£), by deciles and components of wealth, Great Britain, July 2012 to June 2014



Source: ONS 2015

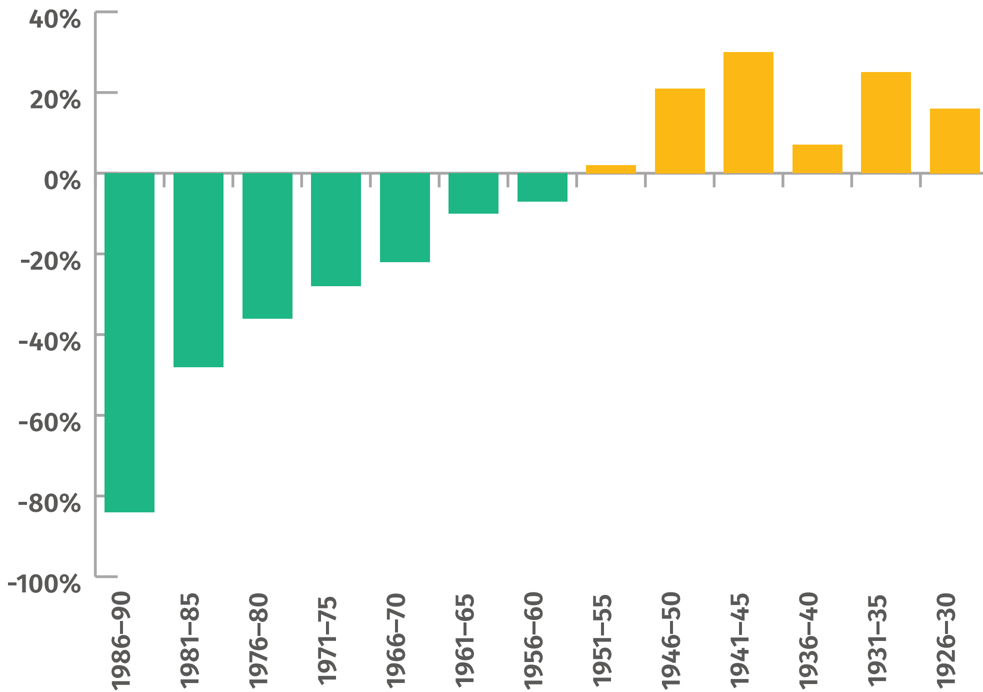
THE INTERGENERATIONAL DIVIDE

Declining rates of home ownership for the young mean sharp differences between generations in the rate and size at which wealth is accumulated

People accumulate wealth throughout their lives, so we should expect older people to have more wealth than younger people. But there are large intergenerational inequalities in wealth beyond what would be expected from age differences alone. In the first half of the 20th century, each generation had more wealth than the last. But every generation since the post-war 'baby boomers' now has less wealth than the generation before them had at the same age (D'Arcy and Gardiner 2017). People born in the 1980s had just a third of the property wealth at age 28 of those born in the 1970s (ibid).

FIGURE 1.4: YOUNGER GENERATIONS ARE BUILDING UP WEALTH AT SLOWER RATES THAN PRECEDING GENERATIONS, ACCENTUATING INTERGENERATIONAL INEQUALITY

Median family total net wealth per adult in 2012–2014 as a proportion of the preceding cohort's wealth at the same age



Source: D'Arcy and Gardiner 2017

It is becoming increasingly hard for younger cohorts to share in the UK's wealth without substantial support from family, which not everyone has. In 2014 house prices were almost 10 times median earnings in London, compared to about four times in 1997, after controlling for changes in the quality and size of housing stock. Across England over the same time period, house prices rose to seven times median earnings up from just under four (Marsden 2015). The solution for the lucky few is the 'bank of mum and dad', but access to help from family is skewed by social class: 13 per cent of people in social classes AB have received help from their parents with their property, compared to 3 per cent in classes DE (Rowlingson 2012).

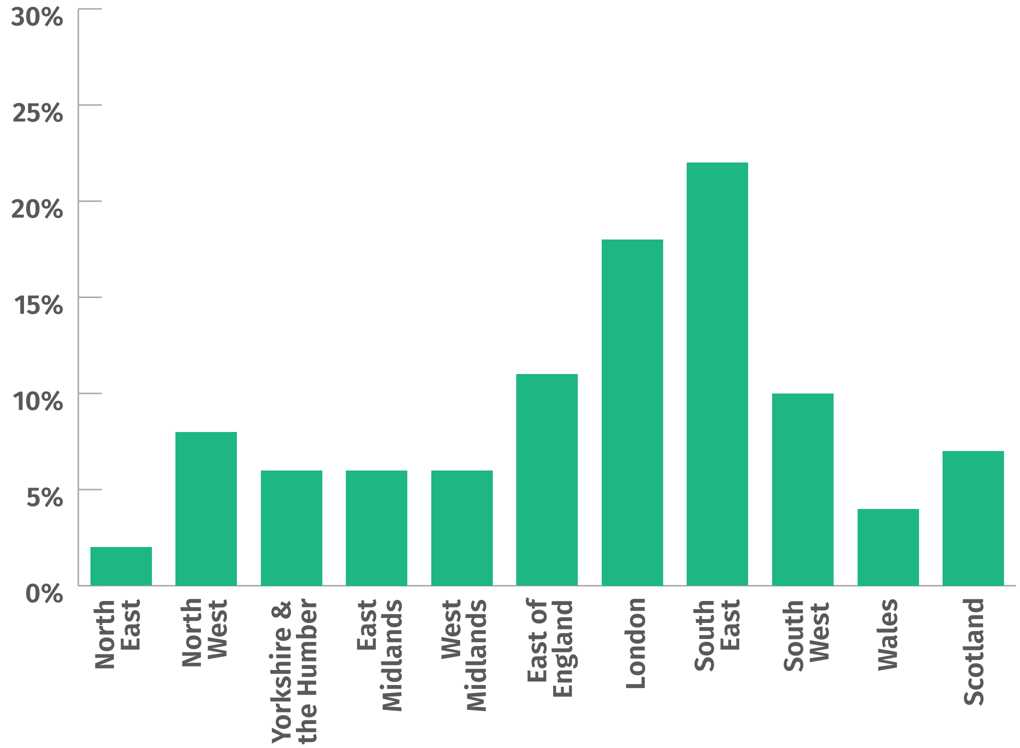
THE REGIONAL DIVIDE

Wealth is increasingly concentrated in London and the South East

Wealth in the UK is also distributed very unequally by region. London and the South East hold much more of the country's wealth than other regions. The average adult in the South East has almost four times the wealth (£150,000) of the average adult in the North East (£40,000).

FIGURE 1.5: ALMOST A QUARTER OF HOUSEHOLDS IN THE SOUTH EAST ARE MILLIONAIRES, COMPARED TO LESS THAN ONE IN FIFTY IN THE NORTH EAST

Percentage of households with total wealth greater than £1,048,500 and therefore in the wealthiest 10 per cent nationally, 2012–2014



Source: ONS 2015

London households have seen significant growth in their wealth since the crash, while other areas have seen their wealth decline.

FIGURE 1.6: WHILE THE WEALTH OF MOST REGIONS HAS INCREASED, SOME HAVE SEEN THEIR WEALTH DECLINE, DRIVING WEALTH INEQUALITY

Change in household median total wealth (percentage change, 2010–2012 to 2012–2014)

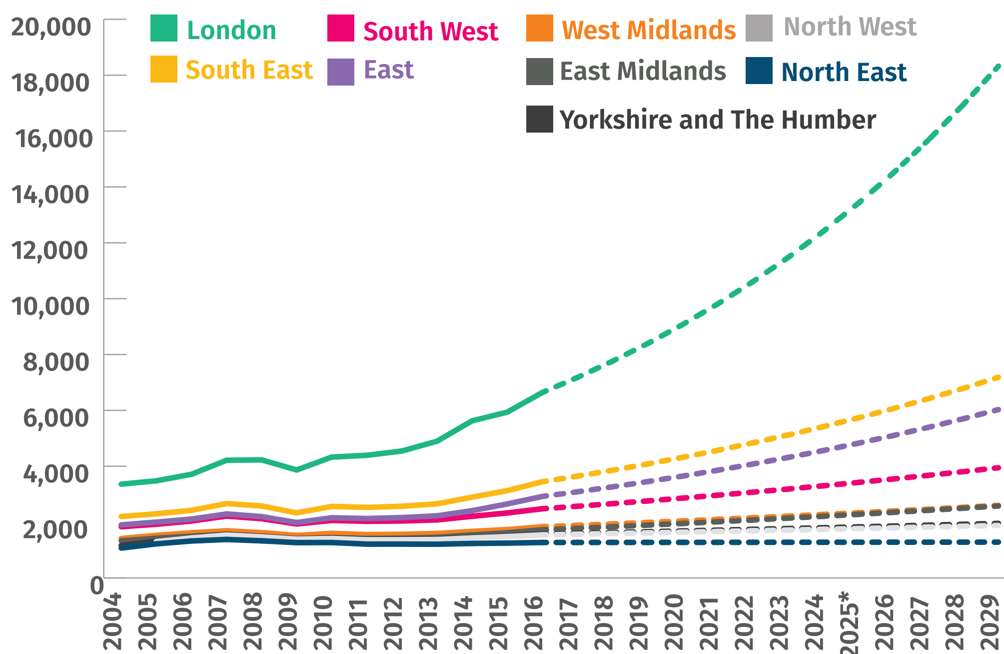
Source: ONS 2015

Regional inequalities are manifest in most dimensions of wealth. For example, the median private pension wealth in the South East (£120,200) is almost triple the median private pension wealth of all households in Great Britain (£47,100) (ONS 2015).

But the single largest source of regional inequalities is the significant variation in property values across the UK. The total value of housing stock in London is now greater than the housing stock of all of Wales, Scotland, Northern Ireland and the North combined, and homes in the London boroughs of Kensington and Chelsea and Westminster alone are valued at more than all of the homes in Wales (Savills 2017). In the last year, property wealth in London and the South East increased by more than the total value of property in Wales (ibid). The most expensive area to buy a house is the borough of Kensington and Chelsea, where the average price of property is £19,400/m2. This is around eight times the average for England and Wales as a whole (ONS 2017).

FIGURE 1.7: THE VALUE OF PROPERTY IN LONDON HAS PULLED AWAY FROM THE REST OF THE COUNTRY SINCE THE FINANCIAL CRISIS. ON CURRENT TRENDS LONDON PROPERTY IN 2027 WILL BE 10.9 TIMES THE PRICE OF PROPERTY IN THE NORTH EAST, PER M2

House and flat prices (£/m2), 2004 to 2016 and projected to 2027, by English region



NB: Projected figures are from IPPR analysis based on the average rate of growth between 2009, the first year of growth following the financial crisis, and 2016, the last year for which data is available. All figures are presented in 2017 prices. Calculated using the OBR's Consumer Price Index (CPI) projections.

Source: ONS 2017

These regional inequalities of property wealth are expected to grow. On average, house prices are estimated to rise 23 per cent by 2020 and 97 per cent by 2030. Yet prices are expected to grow at significantly different rates in different regions. If house prices per square metre continue to grow at the rates they have in different regions since 2009 (the first year of growth after the financial crisis), by 2027 a square metre of property in London will be 10.9 times the price of a square metre in the North East (see Figure 1.7; IPPR analysis using ONS 2017). While a quarter of London's housing stock is expected to be worth £1 million or more by 2030, and an estimated 7 per cent of the stock in the South East at a similar level, less than 1 per cent of homes in the North East, Yorkshire and The Humber, North West, Wales, Scotland and East Midlands in 2030 will be worth that much (Cheshire 2016). Stark inequalities in housing wealth are therefore set to get much worse in the decades ahead.

The disparities between house prices in different parts of the UK effectively creates a growing 'postcode lottery' in the distribution of wealth. Those in London and the South East in particular have enjoyed significant unearned economic windfalls, while those living in other parts of the country have fallen behind. The escalating cost of housing in London and the South East also creates major economic distortions, raising input costs and reducing the ability of people from other parts of the country to move for work.

CLASS, ETHNICITY AND GENDER DIVIDES

Ownership of wealth is powerfully shaped by background and chance of birth

There are significant inequalities of wealth by gender, class and ethnicity.

The average man at retirement age today has four to five times the pension pot of the average woman at retirement age (CII 2016). Women are less likely to have equal access to family savings within the household and also when relationships end; divorced women have, on average, a third of the pension wealth of divorced men (£9,000 compared to £30,000) (CII 2016). Men have 60 per cent more savings than women by their late thirties and up to that age women are more likely to have non-mortgage debt (ibid).

Class also still matters hugely. Household wealth is highly correlated with an individual's socioeconomic classification. For example, 41 per cent of higher professionals, such as accountants, doctors, lawyers and managers, have at least £500,000 worth of wealth, compared to only 12 per cent of people in routine and semi-routine occupations, such as retail workers or machine operators (ONS 2015). Individuals with a degree are also almost six times as likely as those with no qualifications to be in a household with wealth of £1million or more (ONS 2015).

Disparities of wealth are also exhibited between people of different ethnicities. Black and minority ethnic Britons are less likely to have housing wealth, for example. According to the 2017 Race Disparity Audit, 'compared with all other households, White British householders were most likely to own their own home within every region of the country, every socio-economic group and income band, as well as all age groups' (Cabinet Office 2017).

PERSONAL DEBT AND LOW SAVINGS

Low levels of savings and debt, or negative financial wealth, are also an important part of the distributional picture. One third of adults in the poorest fifth of households have no savings at all held for a 'rainy day' or unexpected expenses. Half of adults in this group have debts that are at least 83 per cent of their annual income. In total, two in three families with children have unsecured debt, and half have debt up to a fifth of their annual income (ONS 2016).

The Office for Budget Responsibility (OBR) has forecast that household debt in the UK will be worth 153 per cent of household disposable income by 2022, and unsecured household debt will be worth 47 per cent (up from 147 per cent and 42 per cent in 2017 respectively). If the average rate of change in the OBR forecast continues, these ratios will be 162 per cent and 54 per cent by 2027. In 2017 prices, household disposable income is forecast to rise by 10.3 per cent by 2027 (from £48,000 to £53,000). This implies an average debt per household in 2027 of £85,700, a 21.8 per cent increase from £70,400 in 2017. This includes a projected £28,400 of unsecured debt, a 39.8 per cent increase from £20,300 in 2017[1]. As unsecured debt is unequally distributed between households, growing debt is likely to increase wealth inequality.

THE DISTRIBUTION OF WEALTH OVER TIME

Wealth inequality fell for much of the post-war era but is now rising again

Wealth inequality in the UK declined after the First World War from a very high peak and fell throughout most of the 20th century. This was largely due to the destruction and mobilisation of the assets of wealthy households during the two world wars and the Great Depression, along with the redistributive post-war settlement and a dramatic expansion in home ownership.

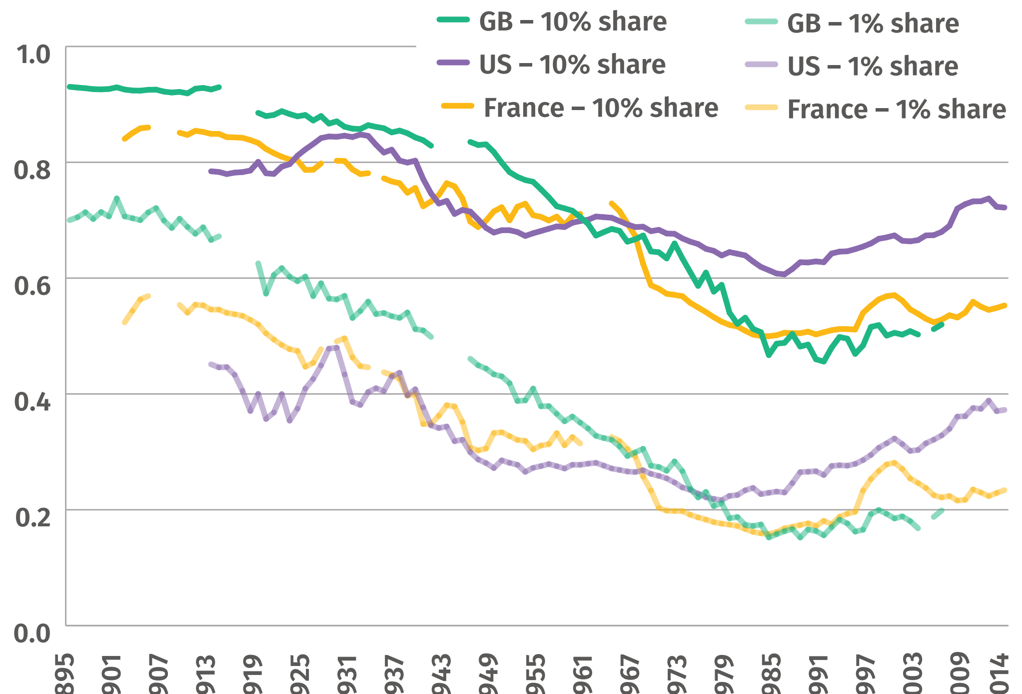
1 IPPR analysis based on OBR 2017 and ONS 2016a. All figures are in 2017 prices using the OBR's CPI projections. We assume average number of people per household will remain constant up to 2027. 'Average' disposable income is a mean average.

Since the 1980s, however, the share of wealth owned by the richest 10 per cent, 1 per cent and 0.1 per cent of households has been increasing (see figure 1.8). Atkinson et al estimate that the share of total wealth of the top 10 per cent has risen from 46.7 per cent in 1984, to 51.9 per cent in 2013 (Atkinson et al 2016).[2] More recently, the wealthiest 10 per cent of households have increased their wealth in aggregate by 21 per cent between 2010–2012 and 2012–2014, compared to an increase of 7 per cent for the least wealthy 50 per cent of households (in nominal terms). This is equivalent to over half of the increase in Great Britain's wealth over that time period going to the top 10 per cent of households (ONS 2015).

It is difficult from the existing data to calculate the wealth of the top 1 per cent. The ONS estimates that the top 1 per cent own 14 per cent of the nation's wealth, while the World Income and Wealth Database suggests a higher figure of upwards of 20 per cent. As of 2017, the wealthiest 1,000 individuals and families in Britain are estimated to have a combined wealth of £658 billion, up from £575 billion in 2016 (Sunday Times Rich List 2017). Over recent years there has been considerable debate about whether declining wealth inequality in the 20th century was an aberration and we are now returning to a deeper trend of growing wealth concentration (Piketty 2014; Atkinson 2015).

FIGURE 1.8: THE WEALTH OF THE RICHEST AS A SHARE OF NATIONAL WEALTH FELL SHARPLY FOR MOST OF THE 20TH CENTURY BUT BEGAN TO RISE AGAIN IN THE 1980S

Share of net personal wealth of the top 10 per cent and 1 per cent in Great Britain, the US and France



Source: WID.world

Wealth inequality is high among all developed economies. The UK sits somewhere in the middle of comparable countries, with a Gini coefficient for wealth inequality lower than that for Germany, the US and France, but higher than Spain, Italy and Australia.

2 The ONS estimates the top 10 per cent own 45 per cent of the wealth (ONS 2015). Atkinson et al's higher figure is based on datasets including administrative (tax) data on estates, as well household surveys of personal wealth, which forms the basis of the ONS Wealth and Assets Survey.

2.
Why does wealth inequality matter?

THE SCALE OF WEALTH INEQUALITY IN THE UK IS UNJUST AND INEFFICIENT

There are two reasons why we should be concerned about wealth inequality, as distinct from income inequality: fairness and the health of the economy.

FAIRNESS

An unequal distribution of wealth is unjust because wealth (distinct from income) confers security, health and wellbeing, and opportunity. Having enough savings, assets or pension wealth means having the security of knowing you and your family could deal with an appliance breaking, being made redundant, or living comfortably in retirement without having to juggle everyday expenses such as fuel and food. Not having a financial buffer means unexpected life events are threatening. It is associated with stress, relationship breakdown, a lack of choice (for instance in leaving abusive relationships) and a lack of control over one's life (Bynner and Baxton 2001). Those with debt – negative wealth – are twice as likely to develop serious depression and experience half the recovery rate of those without debt (Acton 2016).

Wealth also confers opportunity. Studies controlling for background factors have shown an 'asset-effect' on life chances. Having some wealth at age 22 is associated with positive impacts at age 33, including participation in work, higher wages, good health, absence of depression and greater political agency (McKnight 2011; Bynner and Paxton 2001). Those with assets are better able to take risks and invest in new ventures: among successful entrepreneurs, the most commonly shared trait is not personality but access to financial capital, often through gifts and inheritance (Bahaj, Foulis and Pinter 2016; Blanchflower and Oswald 1998). Entrepreneurs with access to more valuable collateral create larger firms and more value added, and are more likely to survive, even in the long run (Schmalz et al 2017). Debates around social mobility have tended to focus on social class and parental income, but wealth – which of course is connected to class and income – is also an important factor.

The issue of justice arises not simply because unequal wealth affects people's life chances, but because much wealth is 'unearned'.

First, assets generate returns without labour. Asset values frequently rise, not because of investment skill or effort on the part of the asset holder, but simply because of external factors such as higher demand, rising interest rates, public investment and economic growth. Rising house prices in particular have been a major source of wealth increases for homeowners over recent decades, entirely unrelated to effort. Many assets also generate economic rents, or income, which is unrelated to effort or merit on the part of the asset-holder.

Second, wealth in the UK is frequently gifted rather than earned, both between and within generations. The amount of gifted wealth is increasing: between 1977 and 2006 the total wealth gifted each year, expressed as a proportion of national income, is estimated to have doubled from 4.7 per cent to 8.2 per cent (Atkinson 2013).

ECONOMIC IMPACTS

The distribution of wealth, particularly property wealth, has important economic effects. Housing wealth has risen dramatically over the past decade and half. The total value of UK housing stock now stands at £6.8 trillion, or 3.7 times Gross Domestic Product (GDP) (Savills 2017). In 2001, this figure was 1.6 times GDP (ibid). While this makes many households wealthier, it creates two significant challenges for the economy.

First, the rapid appreciation of housing wealth has diverted investment and lending away from more productive uses in the real economy towards the housing market. The ratio of real estate lending to business loans is notably lower in the UK than in the Eurozone, with real-estate loans to business and individuals accounting for over 78 per cent of all loans to non-financial UK residents. Loans to UK business, by contrast, account for just 3 per cent of all banking assets (Bank of England 2017). The majority of real estate loans and mortgages do not increase the productive capacity of the economy nor contribute to GDP growth or higher wages. Their primary effect is to drive up asset prices (Stirling and King 2017).

Second, rising house prices reduce consumers' spending power in the rest of the economy as higher proportions of income are spent on housing costs. For example, those aged 18–36 typically spend over a third of their post-tax income on rent or about 12 per cent on mortgages, compared with 5–10 per cent of income spent by their grandparents in the 1960s and 1970s (Corlett and Judge 2017). The poorest fifth of households spend 39 per cent of their income on housing costs, up from 30 per cent in 2003/04 (JRF 2015). Rapidly growing housing costs, linked to inequalities of housing wealth, therefore help reduce demand in the wider economy and increases the risk of unsustainable indebtedness among the asset poor.

3.
The drivers of wealth inequality

There are several factors driving wealth inequality in the UK today, many of which are likely to continue to drive divergence in the future.

HOUSING

Rising rates of home ownership once compressed wealth inequality; now ownership is falling again, risking accelerating inequality

Trends in property prices and rates of home ownership are key drivers of wealth inequality in the UK. Home ownership grew among all regions and income groups during the 1990s and early 2000s, helping to compress wealth inequality. However, home ownership has been falling since the mid-2000s and is now at its lowest rate for almost three decades. 63 per cent of households in England are owner-occupiers, down from a 71 per cent peak in 2003 (DCLG 2017). The decline in home ownership has varied substantially among households, with important implications for the distribution of wealth in the UK. While home ownership among the least wealthy 50 per cent has fallen by around 12 per cent since the financial crisis, for the wealthiest 10 per cent it has continued to rise by 1 per cent (Corlett and Judge 2017). The sharpest decline has occurred among 25–34 year olds, with home ownership falling from 59 per cent in 2003 to 37 per cent in 2015. Every cohort after those born in 1946–50 have experienced lower rates of home ownership than their predecessors at the same age (ibid).

Looking at how home ownership rates for today's young people might evolve in the future, if similar trends to the distribution of home ownership over the period 2002–2012 were to return, 'less than half of millennials will buy a home before the age of 45 compared to over 70 per cent of baby boomers who had done so by that age' (ibid). Given the importance of expanding home ownership as a mechanism for broadening wealth in the past, a decline in home ownership in future is likely to further concentrate wealth.

While the decline in home ownership has many explanatory factors, these trends have been exacerbated by recent policy decisions. In the past five years, governments have created inheritance tax exemptions for homes passed onto children and focussed the majority of housing funding on subsidising housing demand, rather than increasing affordable supply. The Help to Buy scheme, recently expanded by £10 billion and with £6.72 billion loaned already, has been shown to increase house prices and primarily advantage people who could already buy homes (HM Treasury 2013; Shelter 2015; Provan et al 2017). Planned public infrastructure projects, which boost the economy and result in increased land values, are also disproportionately focussed in London and the South East, which will further exacerbate regional wealth disparities in property prices. The current national infrastructure pipeline shows a £1,515 per capita gap in projected spending between London and the North (Blakeley 2017).

Land values and public investment: the case of Crossrail 2

Public investment in transport infrastructure has been shown to result in higher land values. Nationwide mortgage data shows a 10.5 per cent premium in land value for residential properties within 500 metres of a Tube or rail station in London, compared to similar properties that are 1,500m away (Nationwide 2014). Past London transport projects have significantly raised the value of adjacent homes; the Jubilee Line extension is estimated to have raised values by 52 per cent and the Docklands Light Railway extension to Woolwich by 23 per cent (TfL 2017). The ongoing Crossrail project, funded by £11.8 billion of public funds[3] alongside business contributions, has been estimated as likely to increase residential land value near stations by £35 billion or £133,000 per home on average (CBRE 2016). Prospective transport infrastructure projects in London are estimated to have the potential of raising land values by £87 billion, having cost £36 billion to deliver (TfL 2017).

Current mechanisms to recapture some of this added value do not raise sums approaching the level of public investment. Of residential property taxes, stamp duty captures on average 3 per cent of the uplift in London; capital gains tax in practice raises very little due to the first home exemption; and council tax (which is based on 1991 property values) does not respond to the growth in value at all. The Community Infrastructure Levy raises on average 4–12 per cent of value uplift but only for new developments in the vicinity of the infrastructure. Section 106 requirements do capture some value for the community, but not always: in the case of Crossrail, for example, dependent developments and large developers were not easily identifiable (TfL 2017). Current policy therefore does not enable significant recapture of the public's initial investment.

RETURNS TO CAPITAL AND APPRECIATION OF ASSETS

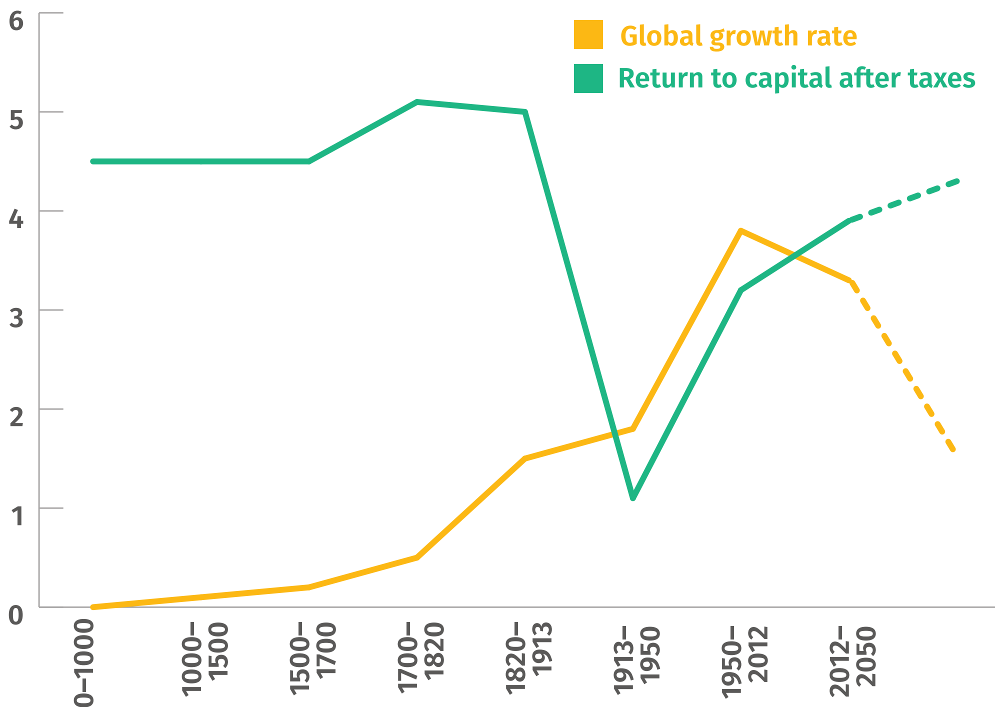
If the rate of return on private capital exceeds the economy's growth rate, unequal distribution of capital becomes a powerful driver of wealth inequality

When the rate of return on capital after tax is higher than the rate of economic growth, wealth inequality is likely to rise (Piketty 2014). Historically, returns to capital after taxes have significantly exceeded global growth rates, which has acted as a force for the concentration of wealth over time. The exception was the mid-20th century, when a combination of political, economic, demographic and military circumstances and policy choices saw growth exceed return to capital for a time. It was during this period that wealth inequality was substantively reduced.

3 http://www.crossrail.co.uk/about-us/funding

FIGURE 3.1: THE HIGHER RATE OF RETURNS TO CAPITAL RELATIVE TO ECONOMIC GROWTH HAS BEEN A HISTORICALLY POWERFUL DRIVER OF WEALTH INEQUALITY

Return to capital after taxes and global growth rate, per cent, 0–2100 (historic and forecast)



Source: Piketty 2014

In the 21st century the rate of returns to capital, including housing and equity, has returned to its trend of exceeding the rate of growth of the economy as a whole. Globally, the wealthiest fortunes are held almost exclusively in financial assets, which have risen at a rate of 6–7 per cent per year (after inflation) since the 1980s. This is 3–4 times more rapidly than either growth in GDP or of world per capita wealth (Piketty 2017). This phenomenon has also occurred in the UK. Aggregate net financial wealth for all private households in the UK increased by 22 per cent, to £1.6 trillion between 2010–12 and 2012–14. Property wealth increased by 11 per cent over that period, while total private pensions wealth increased by 20 per cent (ONS 2015). Of course, wealth can fall as well as rise, and the financial crisis had previously sharply reduced the value of financial wealth and property wealth. However, the value of publicly traded equity has now risen above its 2007 peak, and over a long period shows a substantial increase. The average quarterly net rate of return for private non-financial corporations between 2007 and 2017 was 12.02 per cent, substantially above the rate of economic growth (ONS 2017a). By contrast, wages are experiencing their longest period of sustained stagnation in 150 years (IPPR Commission on Economic Justice 2017).

If capital was owned equally throughout the income distribution, the increasing returns to capital – and the appreciation of assets – would not cause rising inequality. However, different individuals and households hold different assets and liabilities, which generate differing rates of return and increase in value at differing rates. In particular, the biggest force driving wealth inequality in the UK since 2010 has been high equity returns and their sharp rise in value (Domanski et al 2016). This is because ownership of equity is disproportionately concentrated; the 10 per cent wealthiest UK households directly own an estimated 77 per cent of all stocks and 64 per cent of bonds (OECD Wealth Distribution Database). By

contrast, less wealthy households typically own little to no stocks and bonds. If the value of equity continues to rise more than other assets and labour income, and generates greater returns, it is likely to increase wealth inequality by increasing net wealth among those at the top of the distribution.

Monetary policy since the financial crisis has also exacerbated wealth inequalities related to financial wealth. The use of quantitative easing – the purchasing of gilts by the Bank of England – has increased demand for other assets as the yield on gilts has fallen. This has driven up the price of equities, disproportionately held by the wealthy (Bank of England 2012).

THE TAXATION OF WEALTH AND HIGH INCOME

Trends in the taxation of wealth have benefitted wealthier households

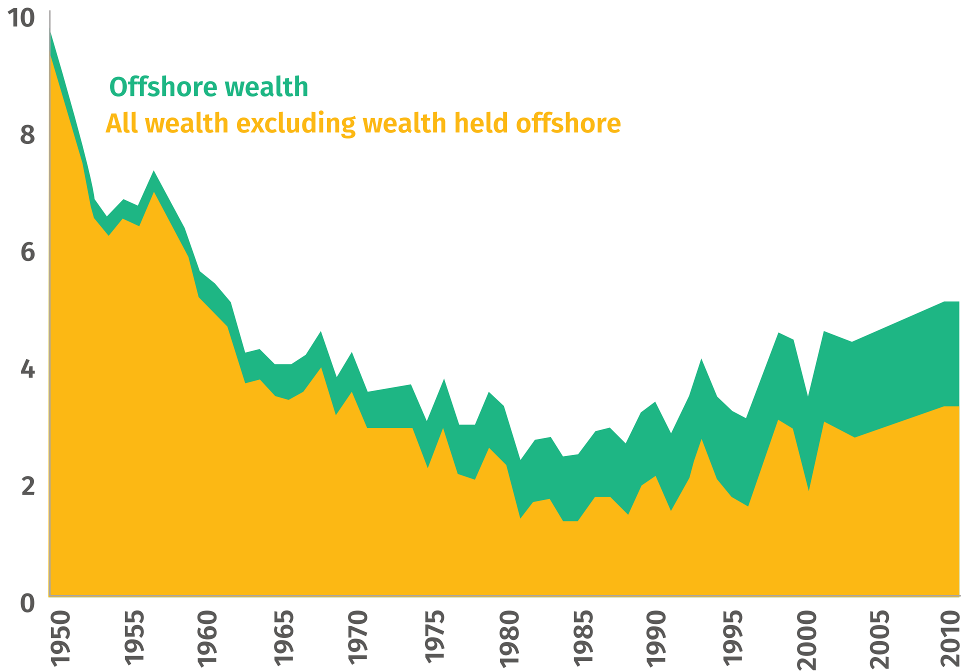
The primary taxes on wealth and on income generated from wealth are income tax (on income from wealth), capital gains tax, stamp duty land tax, stamp duty on shares and inheritance tax. These often tax wealth at lower rates than income from labour. For example, the rate of capital gains tax is between 18 per cent and 28 per cent for individuals depending on the total amount of taxable income. By contrast, the current basic rate of income tax above £11,501 is 20 per cent, the higher rate is 40 per cent above £45,001, and the additional rate is 45 per cent for income over £150,000. First homes are almost always exempt from capital gains tax, meaning that the most widely-experienced form of wealth increase is untaxed.

Changes to inheritance tax have also reduced the proportion of estates taxed. Since the introduction of the 'transferable nil rate band' and a raising of the eligibility threshold in 2015, the median value of an estate liable for inheritance tax has been between £500,000 and £1 million. Prior to this reform, the median value of an estate liable for inheritance tax was under £500,000 (HMRC 2017). There are also a wide variety of exemptions and loopholes, reducing the number of wealthy households that pay the inheritance tax. These include the gifting of money seven years or more before death, the use of trusts and the exemption of agricultural land. In 2014–15, 31 per cent of all estates with a net value over £2 million had no tax liability (HMRC 2017). As a mechanism for taxing and redistributing wealth, inheritance tax is widely regarded as relatively ineffective.

The wealthiest are also the most able to evade taxation. The UK has 5,000 individuals worth over US$50 million, the third highest globally after the US and China (Credit Suisse 2016). 30–40 per cent of all the wealth of the 0.01 per cent richest households in the UK – almost 5 per cent of the total wealth – is held offshore (Alstadsæter et al 2017). In total, £170 billion of the UK's wealth as of 2014 was held offshore, overwhelmingly by the richest 5 per cent (Zucman 2014). The growth in holdings of offshore wealth of the very rich further increases wealth inequalities as their wealth will be lightly taxed, if at all, compared to the majority of households (Cobham and Gibson 2016).

FIGURE 3.2: A SUBSTANTIAL PROPORTION OF THE WEALTH OF THE VERY RICHEST IS HELD OFFSHORE

Share of net total household wealth of the top 0.01 per cent of households in the UK, including offshore wealth



Source: Alstadsæter, Johannesen and Zucman 2017

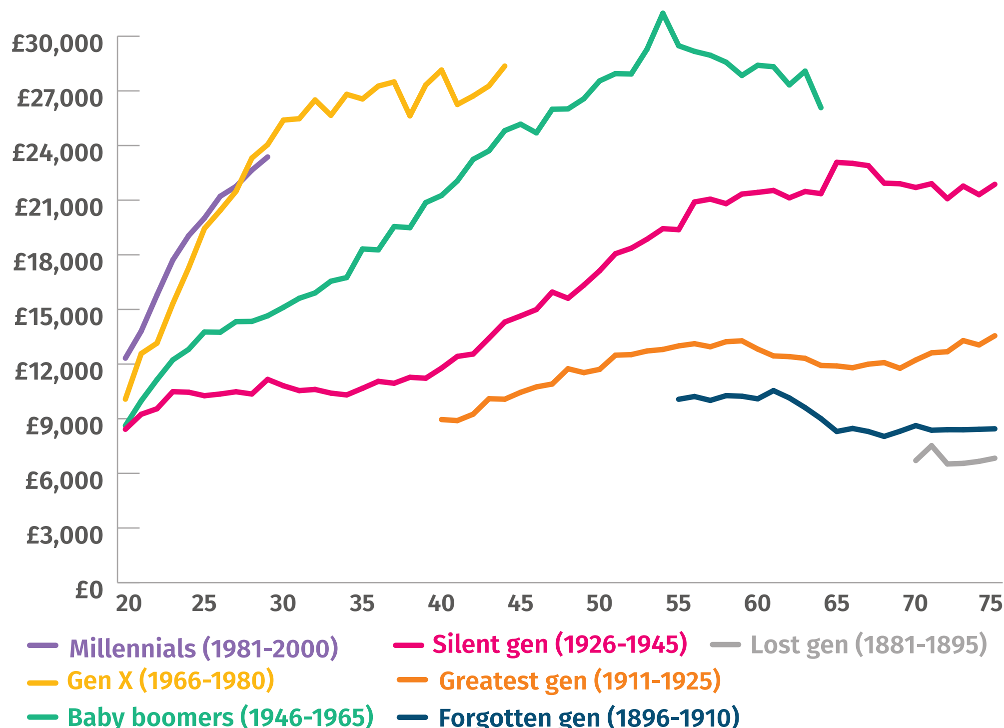
INSECURE AND LOW PAID WORK

Weak earnings growth, low pay, and insecure work for many make accumulating wealth from labour income increasingly difficult

Poor rates of income growth make it harder for households to accumulate wealth. Over the last decade median household earnings have been more or less stagnant (IPPR Commission on Economic Justice 2017). This is particularly true for younger generations whose opportunity to begin accumulating wealth has therefore been reduced. Average incomes in real terms fell by 7 per cent for those aged 22–30 between 2007/08 and 2014/15 (Belfield et al 2016).

FIGURE 3.3: FOR THE FIRST TIME SINCE THE SECOND WORLD WAR, YOUNGER PEOPLE ARE SET TO EARN LESS THAN THE COHORT ABOVE THEM

Average real household income (£ after housing costs), by age and generation



Source: Corlett 2017

Moreover, increasing rates of self-employment and labour market casualisation, particularly among younger workers, are likely to inhibit the capacity of many people to generate wealth over time. Self-employment has risen from around 13 per cent of the workforce in 2008 to 15 per cent in 2017, or around 4.8 million people (ONS 2017a). Self-employed people earn less on average than they did 20 years ago and some work effectively below the national minimum wage (Tomlinson and Corlett 2017). In 2016, around 2.8 per cent of all people in employment were on a zero-hours contract. This compares with just 0.6 per cent in 2007 and represents a rise from around 170,000 people to more than 900,000 (ONS 2017a). Self-employed contractors, or 'gig' workers, do not have access to employer pension schemes and, with unpredictable pay packets, are less able to consistently save or access secured lending, including mortgages. They therefore face substantial barriers to the accumulation of wealth.

AUTOMATION AND 'DIGITAL CAPITALISM'

Without policy changes, technological change risks increasing returns to capital and amplifying inequality

Technological trends are also driving wealth inequality. Automation risks increasing wealth inequality in two ways. First, where labour is substituted for machines, this shifts the distribution of income towards capital relative to labour. In developed countries, the share of national income going to wages has fallen substantially since the 1980s, reaching a record low in 2008 and not recovering substantially since; an estimated 50 per cent of this fall has been driven by technological change (IMF 2017). If automation further increases the capital share, this is likely to increase the wealth of capital owners. Second, automation is also likely to further polarise the labour market, with people working in either 'lovely or lousy' jobs (Goos and Manning 2007). The costs of economic transition are likely to be disproportionately felt by people in middle and lower income jobs as

these are occupations that are on average most at risk of automation (Haldane 2015). By contrast, people whose skills complement new technologies are likely to be increasingly highly rewarded. If technological change drives growing income inequality, over time this is likely to translate into growing wealth inequality as those on higher incomes have a higher propensity to save.

The rise of digital platforms also risks concentrating wealth, particularly as powerful network effects mean they trend towards becoming monopolies. Digitalisation is facilitating the rise of 'superstar firms' in which a small number of highly profitable (and low labour share) firms command growing market share in a 'winner take most' market, producing significant wealth for their founders or owners (Autor et al 2017; Furman and Orszag 2016). As the scale of data produced and analysed grows, this is likely to generate ever-greater rewards for a small number of large digital monopolies.

Attitudes to wealth inequality in the UK

We commissioned YouGov to conduct a new opinion poll on attitudes to wealth inequality for the purposes of this research. These are some of the key results. The full results are published in Appendix 1.

- A majority of people want the Government to take greater action to reduce wealth inequality: 57 per cent think the Government should do more to reduce wealth inequality. Only 5 per cent think less should be done to reduce wealth inequality.
- Wealth inequality has become a bigger issue since the financial crisis: Almost half of people (48 per cent) think that wealth inequality today has become a more important issue in the past 10 years.
- Few expect wealth inequality to decline: only 4 per cent think that the distribution of wealth in Britain will be more fair in 10 years, while 37 per cent think it will be less fair. 39 per cent of people think it will be about the same. The over 65s are the least likely to think it will become less fair (27 per cent). 25–49 year olds are most likely to think it will become less fair (41 per cent).
- A significant majority think 18–24 year olds will have less wealth than previous generations: only 10 per cent think that 18–24 year olds today will have more pension savings than previous generations and 68 per cent think they will have less. Only 3 per cent think they will have more savings and investments, whereas 74 per cent think they will have less. 72 per cent think they will have less housing wealth and only 6 per cent think it will be more.
- People overwhelmingly think 18–24 year olds are going to be more indebted than older generations: 80 per cent think they will have more debt, compared to only 3 per cent who think they will have less. 85 per cent of 18–24 year olds think they will have more debt.
- Wealth inequality negatively impacts a substantial proportion of people: While overall around a third (30 per cent) of people say wealth inequality has a negative impact on them and their family, this increases significantly among poorer households. 54 per cent of people in the bottom third of households by wealth think wealth inequality has a negative impact on them. By contrast, only 21 per cent of the wealthiest third of households think wealth inequality has a positive impact on them and their family.

Note: Results from YouGov Plc original polling for IPPR. Total sample size was 1,727 adults. Fieldwork was undertaken from 11–12 October 2017. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+). For full results see appendix.

4. Time for reform

The scale of wealth inequality in the UK is neither fair nor economically efficient. Without a change in policy direction, wealth inequality is expected to worsen, with acute and deepening divides in wealth between regions, generations, and households. The IPPR Commission on Economic Justice is exploring ways to create more broadly shared wealth and a more equal distribution of existing wealth, as well as ways to rebalance the economy more generally. It seeks to ensure that all the people of the UK share fairly in the country's prosperity. Reforms the Commission is considering include:

Fairer, smarter and simpler wealth taxation

The Commission is looking at how wealth, including land and property wealth, can be more fairly taxed. This will include potential reform of capital gains tax, stamp duty and inheritance tax, as well as new taxes such as a gift tax or land value tax. We are also considering how tax avoidance and evasion can be reduced.

A Sovereign Wealth Fund for the UK

The Commission is exploring whether a national sovereign wealth fund should be established, to enable the collective sharing of national wealth. We are examining different possible objectives and structures for such a fund, innovative ways to capitalise it, and the different ways its dividends might be used.

Supporting different models of ownership to share returns to capital

We are examining the case for giving employees stronger shares in the ownership of companies. Possible mechanisms might include mandatory employee profit sharing for companies above a certain size; the creation of employee ownership funds paying out an annual dividend on top of wages; and the promotion of cooperative and mutually owned enterprises.

Effective housing policy

The Commission is considering how housing policy can be redesigned in order to avoid house prices rising more quickly than incomes and to avoid diverting investment away from productive assets. This will include considering reform of demand-side housing policies as well as how national and local government can increase the number of high-quality and affordable homes being built.

A greater focus on wealth inequality in public policy making.

The Commission is considering new measures to ensure public policymakers, including the Treasury and the Bank of England, better consider the potential effects on the level and distribution of wealth in the UK in their decision-making process.

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Annex

YOUGOV / IPPR SURVEY RESULTS

Sample Size: 1727 UK Adults
Fieldwork: 11th - 12th October 2017

	VOTE IN 2017				EU REF 2016		GENDER		AGE				SOCIAL GRADE		REGION						WEALTH BRACKETS			
	Total	Con	Lab	Lib Dem	Remain	Leave	Male	Female	18-24	25-49	50-64	65+	ABC1	C2DE	London	Rest of South	Midlands / Wales	North	Scotland	Northern Ireland	1 – Poorest tenth	1, 2, 3	5 – Average tenth	8, 9, 10
WEIGHTED SAMPLE	1,727	579	553	103	656	708	841	886	195	731	406	395	984	743	226	545	361	406	147	43	58	356	640	70
UNWEIGHTED SAMPLE	1,727	560	600	116	802	696	744	983	197	642	455	433	1,101	626	154	593	371	398	161	50	60	360	618	73
%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%

On a scale where 1 is the 'Poorest tenth' and 10 is the 'Wealthiest tenth', which bracket of wealth do you think you and your household fit into?

	Total	Con	Lab	Lib Dem	Remain	Leave	Male	Female	18-24	25-49	50-64	65+	ABC1	C2DE	London	Rest of South	Midlands / Wales	North	Scotland	Northern Ireland	1 – Poorest tenth	1, 2, 3	5 – Average tenth	8, 9, 10
1 – POOREST TENTH	3	3	2	0	2	4	4	3	1	4	4	2	1	6	1	3	3	5	4	1	100	16	0	0
2	5	3	6	2	4	4	4	6	1	6	6	4	2	8	1	3	6	7	7	8	0	24	0	0
3	12	9	12	9	11	12	10	14	14	11	13	13	8	17	14	14	11	11	12	13	0	60	0	0
4	14	15	15	16	14	16	12	16	13	12	14	18	13	15	15	16	15	10	13	15	0	0	0	0
5 – AVERAGE TENTH	37	41	36	35	33	42	37	38	36	37	34	40	41	32	40	34	38	42	30	38	0	0	100	0
6	11	12	11	17	14	9	13	9	14	9	13	10	14	7	7	12	9	11	17	4	0	0	0	0
7	7	9	7	12	10	5	9	6	10	7	7	6	10	4	8	9	7	5	5	12	0	0	0	0
8	3	2	3	2	3	2	3	2	4	3	3	2	4	1	4	2	3	3	0	3	0	0	0	67
9	1	1	1	3	1	1	1	0	0	1	1	0	1	1	1	2	0	1	0	0	0	0	0	22
10 – WEALTHIEST TENTH	0	0	1	0	1	0	1	0	0	0	1	1	1	0	2	0	0	0	0	0	0	0	0	11
DON'T KNOW	6	5	7	5	6	5	6	6	6	9	4	4	4	9	6	4	9	6	12	6	0	0	0	0

	VOTE IN 2017				EU REF 2016		GENDER		AGE				SOCIAL GRADE		REGION						WEALTH BRACKETS			
	Total	Con	Lab	Lib Dem	Remain	Leave	Male	Female	18-24	25-49	50-64	65+	ABC1	C2DE	London	Rest of South	Midlands / Wales	North	Scotland	Northern Ireland	1 – Poorest tenth	1, 2, 3	5 – Average tenth	8, 9, 10
%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Thinking about what the UK government does to reduce wealth inequality, which ONE of the following statements MOST closely matches your view?																								
MORE SHOULD BE DONE TO REDUCE WEALTH INEQUALITY	**57**	37	77	70	69	48	52	63	58	57	61	54	57	58	56	56	50	62	68	60	73	71	57	47
EVERYTHING THAT CAN BE REASONABLY EXPECTED TO BE DONE IN RELATION TO WEALTH INEQUALITY IS CURRENTLY BEING DONE	**17**	31	8	15	13	23	20	15	13	16	19	21	21	13	16	19	18	18	9	16	6	10	20	35
LESS SHOULD BE DONE TO REDUCE WEALTH INEQUALITY	**5**	10	1	3	3	8	8	3	6	4	6	7	7	4	2	7	6	5	3	6	4	3	5	14
DON'T KNOW	**20**	21	14	12	15	21	21	19	23	23	14	18	16	25	26	18	25	15	19	18	18	16	19	4
What impact, if any, do you think wealth inequality in Britain currently has on you and your family?																								
VERY POSITIVE IMPACT	2	1	2	0	2	2	2	1	2	2	2	2	1	2	1	2	1	2	4	2	13	4	1	6
FAIRLY POSITIVE IMPACT	6	5	6	8	5	7	7	5	5	6	4	8	6	6	7	5	6	6	5	9	5	4	5	15
TOTAL POSITIVE	8	6	8	8	7	9	9	6	7	8	6	10	7	8	8	7	7	8	9	11	18	8	6	21
NEITHER POSITIVE OR NEGATIVE IMPACT	50	66	41	49	48	56	50	49	38	45	53	59	55	43	45	51	51	48	51	52	21	27	58	61
FAIRLY NEGATIVE IMPACT	23	15	29	32	26	19	22	23	28	24	22	18	22	23	23	24	19	25	21	18	11	31	22	7
VERY NEGATIVE IMPACT	7	3	9	2	7	5	7	7	2	7	12	4	5	9	8	6	5	8	9	7	37	23	3	4
TOTAL NEGATIVE	30	18	38	34	33	24	29	30	30	31	34	22	27	32	31	30	24	33	30	25	48	54	25	11
DON'T KNOW	14	10	12	9	11	12	13	14	24	17	7	9	11	17	16	12	18	10	11	12	13	11	11	6

	VOTE IN 2017				EU REF 2016		GENDER		AGE				SOCIAL GRADE		REGION						WEALTH BRACKETS			
	Total	Con	Lab	Lib Dem	Remain	Leave	Male	Female	18-24	25-49	50-64	65+	ABC1	C2DE	London	Rest of South	Midlands / Wales	North	Scotland	Northern Ireland	1 – Poorest tenth	1, 2, 3	5 – Average tenth	8, 9, 10
%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Do you think wealth inequality in Britain today has become a more or less important issue in the UK over the past 10 years, or has there been no real difference?																								
MORE IMPORTANT	48	33	61	60	59	40	47	49	48	49	50	44	53	41	48	47	41	53	58	46	61	59	46	45
LESS IMPORTANT	9	11	7	9	9	11	9	9	10	9	10	8	8	10	6	10	12	8	4	8	10	10	10	5
NO REAL DIFFERENCE	28	42	19	24	21	36	31	25	21	24	31	36	28	29	29	30	30	27	17	25	15	20	30	43
DON'T KNOW	15	13	13	7	11	14	13	16	21	18	9	12	11	20	17	13	17	12	21	21	14	11	14	6
Do you think the distribution of wealth in Britain will be more or less fair in 10 years' time, or will it be about the same?																								
MORE FAIR	4	4	4	6	4	4	4	3	7	3	3	4	4	3	3	6	3	2	3	0	5	3	3	7
LESS FAIR	37	23	46	43	44	31	39	35	34	41	40	27	37	38	38	32	41	38	40	40	61	45	38	29
ABOUT THE SAME	39	56	30	40	33	48	40	39	33	34	41	51	42	35	34	43	36	42	32	47	21	29	44	46
DON'T KNOW	20	16	20	11	18	18	18	23	26	22	16	18	18	24	26	19	20	18	25	13	13	22	16	19
Do you think young people (i.e. those aged 18-24) today will have more or less of the following than previous generations, or will it be about the same?																								
PENSION SAVINGS																								
MORE	10	15	9	10	9	12	10	10	8	9	13	10	9	11	10	11	9	12	8	6	23	12	9	8
LESS	68	63	75	66	76	68	65	72	66	67	71	70	71	64	63	69	67	71	68	76	69	67	71	81
ABOUT THE SAME	12	15	9	18	9	13	14	10	8	13	9	14	11	13	19	11	12	10	12	7	1	10	12	9
DON'T KNOW	10	7	7	6	7	7	11	9	18	11	7	6	8	12	9	10	12	8	11	12	7	12	8	2

	VOTE IN 2017				EU REF 2016		GENDER		AGE				SOCIAL GRADE		REGION						WEALTH BRACKETS			
	Total	Con	Lab	Lib Dem	Remain	Leave	Male	Female	18-24	25-49	50-64	65+	ABC1	C2DE	London	Rest of South	Midlands / Wales	North	Scotland	Northern Ireland	1 – Poorest tenth	1, 2, 3	5 – Average tenth	8, 9, 10
%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
SAVINGS & INVESTMENTS																								
MORE	3	3	3	3	3	3	4	2	5	3	2	3	3	3	3	3	2	6	2	0	11	4	3	2
LESS	74	70	82	79	81	73	70	78	74	71	81	74	77	70	73	75	72	78	72	70	78	75	76	84
ABOUT THE SAME	13	20	8	14	10	16	16	10	10	13	11	17	13	13	15	13	14	10	15	17	6	12	14	11
DON'T KNOW	9	7	8	5	7	8	9	9	11	12	7	6	6	13	10	8	12	7	11	13	4	8	7	3
HOUSING WEALTH																								
MORE	6	8	5	5	4	8	8	4	6	7	5	6	7	5	8	6	7	6	3	0	19	7	6	7
LESS	72	68	80	81	79	70	67	76	76	70	77	68	74	69	75	74	67	74	66	70	70	74	73	77
ABOUT THE SAME	12	17	7	10	10	14	15	9	5	12	10	17	11	13	12	11	12	10	17	22	3	11	14	11
DON'T KNOW	10	8	8	5	7	9	10	10	13	11	8	9	8	13	6	9	13	10	14	8	7	9	8	4
DEBT																								
MORE	80	76	86	87	84	81	77	84	85	77	83	81	83	77	77	82	77	83	78	79	86	85	80	85
LESS	3	2	3	0	3	2	3	2	4	4	2	1	2	3	4	1	3	3	4	1	4	2	3	5
ABOUT THE SAME	9	16	6	7	7	11	12	7	3	9	9	12	9	10	9	9	10	9	8	16	6	6	11	8
DON'T KNOW	8	6	5	5	6	6	9	7	9	10	6	5	6	11	10	7	10	5	10	4	4	7	6	1

	VOTE IN 2017				EU REF 2016		GENDER		AGE				SOCIAL GRADE		REGION						WEALTH BRACKETS			
	Total	Con	Lab	Lib Dem	Remain	Leave	Male	Female	18-24	25-49	50-64	65+	ABC1	C2DE	London	Rest of South	Midlands / Wales	North	Scotland	Northern Ireland	1 – Poorest tenth	1, 2, 3	5 – Average tenth	8, 9, 10
%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Please imagine you had an extra £1,500 to spend a week (or £78,000 a year), what would you spend it on? Please tick up to three options.																								
TRAVELLING/HOLIDAYS	46	48	51	61	51	45	44	47	44	46	49	44	51	39	44	44	47	49	44	49	23	36	46	54
HOME IMPROVEMENTS (E.G. BASEMENT CONVERSION, GARDEN DESIGN, LOG EXTENSION ETC.)	34	38	34	38	33	39	29	38	16	32	42	35	34	32	24	35	37	31	39	41	24	31	35	34
DEPOSIT ON A HOME/ FLAT FOR YOURSELF	23	12	29	14	25	14	18	27	57	27	13	6	24	21	27	24	21	23	16	17	23	33	17	15
DEPOSIT ON A HOME/ FLAT FOR YOUR CHILDREN	22	28	22	20	23	24	20	24	11	14	30	33	22	22	19	29	19	18	21	18	22	19	23	25
NEW CAR	19	25	16	20	18	22	18	20	14	17	19	26	20	18	12	21	19	20	19	24	11	19	19	15
MOVING HOUSE	17	20	16	20	20	18	16	18	8	19	18	18	17	17	14	19	17	20	10	5	8	18	17	19
SCHOOL/UNIVERSITY FEES FOR CHILDREN	16	15	19	16	19	13	14	18	17	18	13	14	19	12	16	15	14	19	15	16	13	15	17	21
ENTERTAINMENT FOR YOU AND YOUR FAMILY (E.G. DINING OUT, ETC.)	16	15	16	17	16	15	19	14	22	19	14	11	18	15	15	16	13	20	19	18	13	14	18	16
CLOTHES, ELECTRONICS, OTHER PERSONAL BELONGINGS	13	11	13	12	11	11	17	10	30	15	9	6	12	14	17	12	12	13	11	19	8	13	13	14
DONATE IT ALL TO CHARITY	3	2	4	4	5	2	4	3	6	2	4	3	4	2	5	3	2	3	6	7	2	2	3	12
OTHER	15	15	17	13	18	17	15	16	7	15	19	16	16	14	12	15	15	18	17	20	23	16	17	8
DON'T KNOW	8	6	5	11	5	8	12	5	8	8	7	9	4	13	10	6	11	7	13	4	20	9	8	3

Source: All polling figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1,727 adults. Fieldwork was undertaken between 11 and 12 October 2017. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

About IPPR

IPPR, the Institute for Public Policy Research, is the UK's leading progressive think tank. We are an independent charitable organisation with our main offices in London. IPPR North, IPPR's dedicated think tank for the North of England, operates out of offices in Manchester and Newcastle, and IPPR Scotland, our dedicated think tank for Scotland, is based in Edinburgh.

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The progressive policy think tank

Wealth in the twenty-first century

Inequalities and drivers

Discussion Paper

The IPPR Commission on Economic Justice is a landmark initiative to rethink economic policy for post-Brexit Britain. The Commission brings together leading figures from across society to examine the challenges facing the UK economy and make practical recommendations for reform.

This discussion paper sets out the main dimensions, effects, and drivers of wealth inequality in the UK. Drawing on a wide range of evidence, it sets out the wealth inequalities between individuals and families, between areas of the country, generations and genders, and between people from different ethnicities and class backgrounds. The paper argues that the scale of wealth inequality in the UK is neither fair nor economically efficient. Increasing, and increasingly divergent, property prices, along with the growth in low paid and insecure work and increasing returns to capital in a digital economy, mean that wealth inequality is set to rise further in the absence of public policy change. The paper sets out the key policy areas the IPPR Commission on Economic Justice is exploring to ensure a fairer distribution of wealth.

The IPPR Commission on Economic Justice

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