Wealth Gap Risk Register

FAIRNESS FOUNDATION

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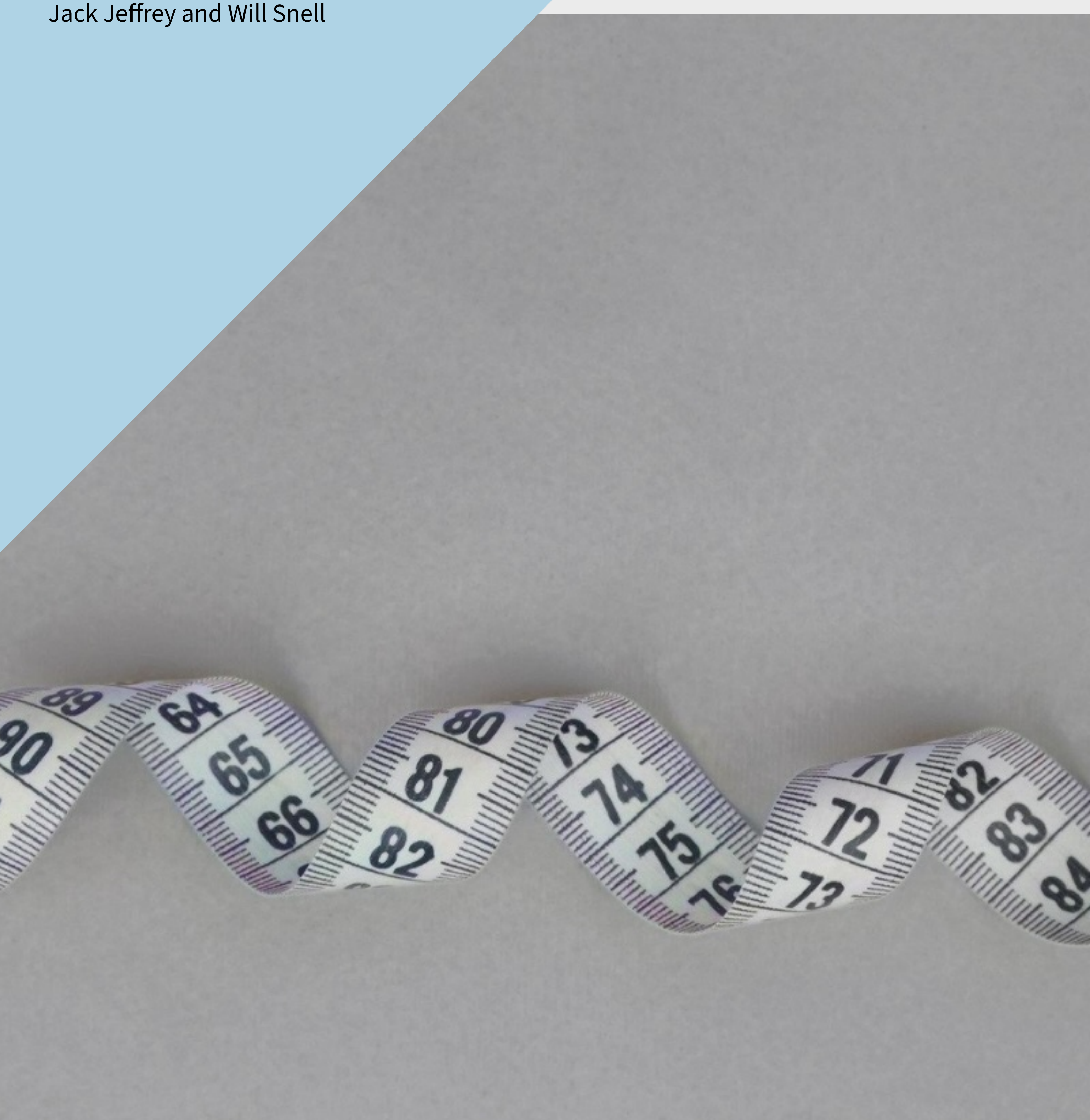

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About this report

This report sets out the evidence base for the ways in which wealth inequality in the UK damages our economy, society, democracy and environment, and the risks that these negative impacts will increase in the coming years as wealth inequality continues to increase in absolute terms. It also looks at the evidence base for the policy solutions that will either reduce the wealth gap or mitigate its impacts on other areas, and at the evidence on public attitudes to both the problem and the solutions (including new polling and focus group research on public understanding of the impacts of wealth inequality).

The online version of this report is at https://fairnessfoundation.com/risks.

About the authors

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About the Fairness Foundation

The Fairness Foundation works to change the debate around fairness in order to build a fairer Britain. We are a registered charity (1044174). Our vision is a Britain where everyone has the ‘fair necessities’ (fair essentials, fair opportunities, fair rewards, fair exchange and fair treatment). We lack a shared vision of a good society, but we believe that we can build a consensus around the need to reduce all forms of inequality substantially, because today’s unequal society is inherently unfair. We work to achieve this consensus by making three linked arguments to politicians and other decision-makers and influencers:

- Building and popularising a vision for a fairer Britain that can attract broad support (the *moral* case)
- Demonstrating that the public are more concerned about inequality and supportive of action by government to tackle it, and less divided in their views, than we think that they are (the *political* case)
- Showing that tackling inequality must be a national priority, by promoting evidence of the various ways in which different forms of inequality not only reinforce each other, but also undermine sustainable economic growth, social cohesion, democracy and action on net zero (the *policy* case)

Executive summary

Why wealth inequality is a risk

When we think about identifying and mitigating risks, there's a natural tendency to focus on immediate symptoms rather than underlying causes. At a governmental level, the UK's national risk register has recently narrowed its focus to 'acute' risks ("discrete events requiring an emergency response", such as terrorism and natural disasters), sensibly placing 'chronic' risks ("long-term challenges that gradually erode our economy, community, way of life, and/or national security", such as the climate crisis or antimicrobial resistance) into a separate chronic risk register, which is currently in development[1]. But it does not automatically follow that the underlying causes, the structural factors that create or exacerbate many risks, will receive the attention that they deserve.

We think that inequality, especially wealth inequality, is a significant driver of strategic risk to the UK as a whole, and that this is seriously underpriced – by politicians and officials, by the private sector, and by all of us. Wealth inequality seriously exacerbates a wide range of arguably existential risks, such as social unrest, failure to act on the climate crisis, economic stagnation and the decline of democracy. And wealth inequality is a major risk to the achievement of all five of the government's missions.

This report is called the *Wealth Gap Risk Register*. This arguably understates the problem, because the negative impacts of wealth inequality aren't just hypothetical future risks, but rather impacts that have already been realised. However, there are plenty of reasons to expect that the wealth gap in the UK will continue to widen over the coming years, so the obvious risk is that each of these existing impacts worsens over time. And since many of these impacts interact and reinforce each other, just as different forms of inequality intersect and exacerbate each other, it is not unrealistic to speculate that we could see the negative impacts of wealth inequality snowballing in the UK over the next couple of decades, and beyond, if action is not taken to reduce the wealth gap or to mitigate its impacts (or ideally both).

The argument in a nutshell

Rising wealth has created large gaps between those with wealth and those without it. While wealth inequality (understood in relative terms, as measured by the Gini coefficient) has remained relatively stable over recent decades (albeit at a much higher level than income inequality), the wealth gap (the absolute difference in wealth between rich and poor households) has increased significantly, because of rising asset values, and is likely to get worse. The size of the absolute wealth gap in the UK is second only to the US, among OECD countries.[2]

Differences in wealth between generations are also at unprecedented levels. While most of the 20th century saw each generation accumulating more wealth than their predecessors, this trend has stagnated or reversed since the baby boomers and is gathering speed in the wrong direction.[3]

The transformation of the UK economy towards asset control and rent-seeking behaviour – away from wealth creation towards wealth extraction – has consolidated resources into fewer hands and shifted economic activity away from productive enterprise.[4] This has concentrated UK markets, restricted innovation and technological progress, reduced economic dynamism, and severely limited economic growth and the prospects for future growth. Whereas wealth creation increases

[1] Cabinet Office (2023), National Risk Register

[2] Broome, M et al, (2022), Arrears Fears: The distribution of UK household wealth and the impact on families, Resolution Foundation

[3] Sturrock, D, (2023), Wealth and welfare across generations, Institute of Fiscal Studies

[4] Christophers, B, (2019), *Rentier Capitalism: Who Owns the Economy, and Who Pays for It?*, Verso

the size of the cake, wealth extraction simply gives more of the existing cake to those who already have the biggest slice (upwards rather than downwards redistribution), and sometimes it makes the cake smaller at the same time.[5]

Much wealth in UK is unearned, flying in the face of the dominant meritocratic political and media narrative that justifies the accumulation of wealth as a consequence of effort and talent. The large increase in asset prices over the past decades has largely been the result of passive factors.[6] According to the most recent statistics, inheritance and gifts have doubled over the past two decades to £100 billion, and are expected to double again by 2040.[7] Wealth transfers between generations will likely exacerbate existing social and economic inequalities. People's life prospects weren't very fairly distributed when they were mostly defined by what they earned; today, when what people own (or inherit) is much more important in influencing their life chances than what they earn, the situation is even less fair.

While there is limited public awareness of the ways in which wealth inequality undermines economic growth, and the meritocratic mindset retains a strong grip on worldviews, most people have an intuitive understanding that the increasing wealth gap is unfair in terms of both its causes and its consequences. Indeed, the growing level of popular disengagement and distrust with politics is in part driven by this awareness, and is already damaging our democracy and social cohesion, with a real risk of much worse to come in the future.

The problem is solvable. Shifting the UK's tax burden towards wealth could curb today's excessive levels of wealth concentration. Reforming existing taxes on wealth would be more politically feasible than introducing a new wealth tax, but less effective at tackling wealth inequality. But taxing wealth is not the only means to curb the wealth gap. Governments can share wealth more broadly at source, through mechanisms like sovereign wealth funds or regulatory approaches such as mandating worker representation on company boards. And there are many opportunities to mitigate the impacts of the wealth gap, such as cleaning up lobbying and political donations, or strengthening the social safety net. Case studies from other countries provide a host of practical, popular and evidence-based approaches to curbing wealth extraction and promoting inclusive and sustainable economic growth.

What's going on with the wealth gap?

Private wealth in the UK has experienced a remarkable surge in recent decades, with total household wealth more than doubling in recent years, from around three times national income in the 1980s to almost eight times national income today (£14.6 trillion).[8] This explosion in wealth has been largely driven by passive factors, such as substantial increases in asset prices (which account for over 50% of wealth accumulated since 2006-08).[9]

Francis Bacon, who coined the aphorism that "wealth is like muck – only good when it is spread", would not be impressed by the extent to which this wealth is shared across the population. The distribution of wealth in the UK is much more unequal than income. This stark contrast is vividly illustrated by the Gini coefficient. Income inequality in the UK hovers around 35 on the scale (where zero represents perfect equality and 100 perfect inequality), but wealth inequality often surpasses 70 on the same scale, largely because wealth can be built up incrementally and over long periods.

Britain is not a complete outlier in this regard. Like other European nations, it experienced a dramatic decline in wealth inequality during the 20th century. Between 1900 and the mid-1980s,

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[5] Lansley, S, (2023), *The Richer, The Poorer: How Britain Enriched the Few and Failed the Poor. A 200-Year History*, Policy Press

[6] Broome, M et al, op cit

[7] Goss, D et al, (2024), A New Age for Inheritance: What does it mean for the UK?, Demos

[8] Broome, M et al, (2022), Arrears Fears: The distribution of UK household wealth and the impact on families, Resolution Foundation

[9] Broome, M et al, op cit

the share of total wealth held by the top 1% fell from roughly 70% to 20%.[10] Since then, wealth inequality has remained relatively stable, with the richest 10% of families consistently owning just over half of total wealth, in line with the OECD average.[11] However, a dramatic rise in asset prices, coupled with huge disparities in asset ownership, has led to a substantial increase in the absolute gap in wealth between households. The gap in total wealth between the top 10% and bottom 10% in the UK increased by 48% between 2011 and 2019 (from £7.5 trillion to £11 trillion), while the equivalent gap between the top 10% and the middle 10% increased by 49% (from £7.3 billion to £10.8 billion).[12] As well as growing over time, the UK's wealth gap is high by international standards; the size of the absolute gap between the wealthiest 10% in the UK and the bottom 40% is second only to the US, among OECD countries.[13]

Wealth inequality also drives and magnifies inequalities across multiple other axes. Many minority ethnic households own substantially less wealth than their white British counterparts; a typical person from a Bangladeshi, black Caribbean or black African background has no significant wealth, in contrast to the typical white Briton, who has a household net worth of £140,000.[14] This stark divide highlights deep-rooted historical and ongoing inequalities and discrimination, including (but by no means limited to) opportunities to accumulate wealth through home ownership. There is also an average wealth gap of over £100,000 between men and women, with an even larger divide among older age groups.[15] Furthermore, wealth entrenches longstanding regional divides in England; the North is home to 30% of the population but only 20% of its wealth.[16] These imbalances not only reflect historical inequalities but also perpetuate and deepen them over time.

People accumulate wealth throughout their lives. Naturally, older people will have more wealth than younger people. However, the significant disparities in wealth between generations exceed what might be anticipated from age differences alone. For most of the 20th century, each successive generation accumulated more wealth than the last, but starting with the post-war 'baby boomers,' each subsequent generation has amassed less wealth than the previous one did at the same age. According to the most recent statistics, people born in the 1980s had 20% less wealth in their early thirties than those born in the 1970s.[17]

What are the impacts of the wealth gap?

Many people lack a crucial financial safety net, with nearly a quarter of Britons either devoid of assets or grappling with debt. The poorest half of the population controls a mere 9% of the nation's total wealth, and the poorest 10% of households have a total net worth (including work pensions, vehicles, and household items, as well as financial and housing wealth) of £15,400 or less.[18] For many, physical possessions are their only form of wealth, leaving them vulnerable to unexpected events. Around one in twenty households have negative net financial worth.

Living without the stability of some form of financial cushion has significant **health** consequences, particularly for people's mental wellbeing. People in debt are three and a half times more likely to experience mental health

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[10] Piketty, T, (2014), *Capital in the Twenty-First Century*, Harvard University Press

[11] OECD, (accessed 8 Oct 2024), OECD Wealth Distribution Database

[12] Tippet, B (2024), Measuring the Wealth Gap, Fairness Foundation

[13] Broome, M et al, op cit

[14] Karagiannaki, E, (2023), The scale and drivers of ethnic wealth gaps across the wealth distribution in the UK: evidence from Understanding Society, LSE

[15] Pinto, I, (2023), Why taxation of wealth is a feminist issue: A gendered analysis of wealth in Great Britain, Women's Budget Group

[16] Parkes, H et al, (2024), Supporting the Status Quo: How the Taxation of Wealth in the UK Grows Regional Divides, IPPR

[17] Sturrock, D, (2023), Wealth and welfare across generations, Institute of Fiscal Studies

[18] ONS, (accessed on 8 Oct 2024), Household total wealth in Great Britain: April 2018 to March 2020

issues, such as depression, anxiety and stress, than those without financial difficulties.[19] This can create a feedback loop whereby financial difficulties exacerbate someone's mental health problems, and poor mental health worsens their financial situation.[20] While the data on inequalities of healthy life expectancy and overall life expectancy is based on measures of deprivation that do not explicitly include wealth[21], there are a range of indirect links between wealth inequality and physical health that suggest that the relationship is more likely to be causal than simply correlational.

Wealth also provides **opportunities**. The UK has a highly stratified education system. There are many ways in which the wealthy can buy advantage for their children, obstructing social mobility, from sending them to private schools to buying private tutors and sharing access to 'social capital'.[22] And the absence of wealth is a direct barrier to opportunity, with deprived children on average 19 months behind their peers by the time they take their GCSEs; wealth inequality is a structural driver of this educational inequality, as explored in our earlier report, *Deepening the Opportunity Mission*.[23]

Contrary to the orthodox idea that inequality is necessary for a dynamic economy, growing evidence suggests that wealth concentration significantly undermines productivity and **growth**.[24] A lack of wealth creates barriers that prevents people from fully participating in the economy. This limits the potential pool of talent and innovation that contributes to economic growth. It can especially limit entrepreneurship, since wealth allows people to take the risks that are an inevitable part of building a new business. More broadly, an economy that is more focused on wealth extraction than wealth creation leads to much higher levels of financial engineering and speculation at the expense of investment in productive enterprise, which has a chilling impact on innovation, dynamism, productivity and growth.[25]

These practices also perpetuate a cycle of precarity and disadvantage. Private equity acquisitions often prioritise short-term gains over long-term company viability and employee wellbeing, and rising corporate profits are used to boost executive rewards rather than wage increases or productivity enhancements. Combined with policies to suppress the power of trades unions, these mechanisms entrench hardship and poverty.[26]

The recent surge in housing wealth has had complicated impacts. Before the 1980s, housing wealth worked to compress wealth differences, strengthening household capital formation and spreading it more equally. Since then, housing wealth has been a mechanism by which wealth disparities are exacerbated.[27] While many homeowners have seen their wealth increase in recent decades, this trend has also created two big problems. Firstly, there has been a notable shift in investment patterns, with a disproportionate amount of capital flowing into housing rather than more productive sectors of the economy. The UK has one of the lowest levels

[19] Money and Mental Health Policy Institute, (accessed 8 Oct 2024), The Facts: What You Need to Know

[20] Jiménez-Solomon, O et al, (2024), When money and mental health problems pile up: The reciprocal relationship between income and psychological distress in *SSM – Population Health*

[21] Raymond, A, (2024), Health Inequalities in 2040: Current and projected patterns of illness by deprivation in England, The Health Foundation

[22] Reeves, A et al, (2024), *Born to Rule: The Making and Remaking of the British Elite*, Harvard University Press

[23] Field, M, (2024), Deepening the Opportunity Mission, Fairness Foundation

[24] Boushey, H, (2019), *Unbound: How Inequality Constricts Our Economy and What We Can Do about It*, Harvard University Press

[25] Mazzucato, M, (2019), *The Value of Everything: Making and Taking in the Global Economy*, Penguin

[26] Tippet, B, (2022), The Effect of Labor's Bargaining Power on Wealth Inequality in the UK, USA, And France in *The Review of Income and Wealth*

[27] Muellbauer, J, (2023), How does the housing market effect wealth inequality?, Economic Observatory

of business investment in the developed world, contributing to its persistent productivity problem.[28] Secondly, the rising cost of housing has put significant pressure on household budgets, reducing consumer demand in the wider economy. Millennials spend around 28% of their post-tax income on housing costs[29], whereas people of a similar age in the 1960s and 1970s typically spent 5-10% of their income on housing.[30] The poorest fifth of households now spend over 39% of their income on housing costs, up from 30% two decades ago.[31]

All of this not only make us less prosperous, less dynamic, and less innovative; it also leaves the UK more exposed to social and democratic decline. The social contract has been shattered by a combination of widespread poverty, a pervasive sense of insecurity among people most of the way up the income and wealth spectrum, and a concentration of wealth at the top of society. There is growing awareness not only of the scale of wealth inequality, but also of its unfair causes and its objectionable and damaging consequences, not least the way in which it undermines our democracy because of the numerous ways in which wealth can be used to wield political influence and power (as well as the other very obviously anti-social ways in which the wealthy often spend their money). Those with less wealth in the UK are more likely to believe they have no political influence and are much less likely to vote and participate in politics.[32] Wealth inequality enables populists to harness popular resentment towards the wealthy so as to undermine faith in democracy, leading to a loss of state legitimacy. Sometimes this leads to political violence; it certainly seems likely that wealth inequality was an aggravating factor in the summer riots of 2024. Wealth inequality can thereby drive people towards more extreme political positions, damaging social cohesion and trust in politics, and increasing the risk of social unrest and, eventually, societal breakdown. There is also a strong positive correlation between wealth inequality and **crime** rates.[33]

Wealth inequality presents a barrier to the achievement of **net zero**. People in the wealthiest 1% of UK society emit 25 times more carbon dioxide equivalent emissions per head than people in the poorest 10%[34], and consume vastly more resources. A 1% rise in the wealth share of the top 10% corresponds to a 0.67-0.84% increase in CO_2e emissions.[35] Meanwhile, the wealthy, whose financial interests (notably investments) are often closely aligned to those of fossil fuel industries, can use their influence on politics to block or water down action to reduce emissions. The impacts of wealth inequality on poorer households also make it harder to secure public support for an ambitious programme of decarbonisation.

Finally, the UK's institutional context makes wealth inequality much more harmful than in other countries with similar levels of wealth inequality but much better guardrails around it. For example, many Scandinavian countries have a significant wealth gap but have robust measures in place to reduce the ways in which wealth can be used to influence politics or otherwise hoard privilege, and to increase the services, protections and opportunities provided to everyone in society. The UK does not.[36]

What do people think about the wealth gap?

Wealth is now arguably the most important economic dividing line in the UK. Despite its crucial role in shaping life chances and society

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28 Dibb, G, (2023), Now is the time to confront UK's investment-phobia, IPPR

29 ONS, (accessed 8 Oct 2024), Private rent and house prices, UK: August 2024

30 Corlett, A et al, (2017), Home Affront: housing across the generations, Resolution Foundation

31 Department for Levelling Up, Housing and Communities, (accessed 14 August 2024), English Housing Survey 2022 to 2023

32 Patel, P et al, (2023), Who decides? Influence and inequality in British democracy, IPPR

33 De Courson et al, (2021), Why do inequality and deprivation produce high crime and low trust? in Scientific Reports

34 Fairness Foundation (accessed 8 Oct 2024), Fairness Index

35 Knight, K et al, (2017), Wealth Inequality and Carbon Emissions in High-income Countries in Social Currents

36 Beckert, J, (2023), Varieties of wealth: toward a comparative sociology of wealth inequality in Socio-Economic Review

generally, public awareness of wealth inequality and understanding of its impacts remain limited and fragmented.

Multiple studies have found that the public consistently underestimates the extent of economic inequality, especially wealth inequality. Generally, people overestimate the wealth of the poorest decile and underestimate the wealth of the top decile. Why? Our perception of the world is heavily influenced by our immediate surroundings and social circles, which are generally more homogenous (and therefore more equal) than national distributions. As a result, our understanding of economic disparities is primarily shaped by our local experiences and observations, limiting understanding of wider societal differences.

It follows that understanding of how the economy works is low. Research by NEON[37] found that there is an intuitive understanding among the general population that the UK economic system is inherently 'rigged'. While people have a general sense of economic unfairness, they lack detailed understanding of the specific mechanisms and actions employed by wealthy elites to maintain and perpetuate this imbalanced system. This is not to say that people aren't aware of, and worried about, some of the negative impacts associated with wealth inequality. Polling that we carried out for this report finds that crime, the cost of living, and poor mental health are strongly linked in people's minds with the negative impacts of wealth inequality. There is much less awareness of the negative impacts of wealth inequality on growth, democracy, net zero and the tax system (although these issues were raised unprompted in follow-up qualitative research, as outlined in the attitudes section of this report).

These views often go hand in hand with underlying mindsets and worldviews that legitimise wealth inequality as the inevitable and even desirable by-product of a meritocratic system. The UK public has a high tolerance for wealth that has been earned through skill and hard work, and polling shows that people overplay the role of merit and undervalue the role of luck in influencing life outcomes. Wealth is often perceived as an 'achieved' and therefore legitimate attribute – a view that is enthusiastically promoted by a well-funded 'wealth defence' industry that lobbies hard to suggest that any measures to reduce wealth inequality are not only morally suspect but will damage growth and tax revenues, its arguments magnified by a media that is largely owned by wealthy beneficiaries of the status quo. In reality, however, about 60% of all private wealth in the UK is inherited rather than accumulated through work, and inherited wealth is becoming ever more important in determining people's life chances and outcomes. The large and very unequally distributed transfer of inherited wealth that is set to take place over the coming decades will dramatically increase the size of the wealth gap, which is likely to harden public attitudes towards wealth inequality.

What can we do about the wealth gap?

Unless actively checked, wealth inequality is self-perpetuating and the absolute wealth gap will continue to grow, because wealth begets more wealth. This process is amplified by the UK's tax system, which under-taxes income from wealth compared to income from work. This creates an unfair disadvantage for people in employment compared to people who generate income from assets, and significantly reduces the amount of revenue raised through taxation to fund public services. There are a range of straightforward ways to tax wealth more fairly and effectively, such as equalising tax rates on capital gains with tax rates on employment income. There is clear public support for tax increases to fall on wealth rather than income.[38]

Other proposals that look to redress the under-taxing of wealth, and to tackle wealth inequality, include a separate tax on stocks of (as opposed to incomes from or transfers of) wealth. A new wealth tax has moved from the margins of economic debate to a serious proposal to raise revenue and/or reduce wealth inequality. A one-off wealth tax could be justified as a response to a particular crisis, but would only temporarily

[37] NEON, New Economics Foundation, Frameworks Institute and PIRC (2018), Framing the Economy

[38] Murphy, R, (2024), Taxing Wealth Report

reduce wealth inequality.[39] An annual progressive wealth tax could be justified on the basis that it would permanently limit wealth inequality, but public and political support would need to be won, with a concerted effort to ensure that it was well designed and implemented (and not, as has happened in other European countries, watered down by successful lobbying to include loopholes that reduce the revenue raised and thus undermine its legitimacy).

Sharing wealth is another approach. Wealth concentration in the UK has been facilitated by an economic system that often incentivises and rewards the extraction of value from existing financial and corporate wealth, rather than encouraging the creation of new economic value. Mechanisms to prevent this, such as public wealth funds, would ensure that income-generating assets are shared more equitably, allowing all citizens to benefit from economic development. These funds would provide access to excellent investment returns for everyone and mitigate the effects of differential returns, where the wealthy enjoy superior rates of return compared to average savers, exacerbating existing inequalities. Sharing wealth broadly now can also help to mitigate the impacts of future trends that are likely to intensify wealth inequality, such as the increasing power and impact of artificial intelligence.[40]

Another strategy involves conceding that wealth inequalities are entrenched, and focusing instead on mitigating the negative impacts of these inequalities. This has been done in some European countries, as outlined above, which means that there are more opportunities for the wealthy in the UK to buy advantage and influence than in many comparable countries. Many European countries have substantial safeguards to reduce the salience and importance of wealth in everyday life, such as more equitable education systems, a more comprehensive and generous welfare state, and measures to reduce the influence of wealth on politics such as more transparent lobbying regulations and stricter rules on donations.

The challenges posed by the wealth gap in the UK are significant and increasing, but not insurmountable. With sufficient political determination, a range of effective policies, regulations, and reforms can be sold to the public and implemented to address the risks posed by the wealth gap. These policies can support wealth creation, the reward of effort and a strong social contract, while reducing wealth extraction, the reward of unearned privilege and the gutting of public services and the social safety net.

However, left untouched, the wealth gap and its negative impacts on our economy, society, economy and environment will intensify over the coming years to the point where they could spiral out of control. As such, the wealth gap is a strategic risk to the UK, and it requires a multifaceted response across the whole of government, alongside the private sector and civil society. In the absence of such a response, the evidence cited in this report suggests that, contrary to what D:Ream promised, things can only get worse.

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[39] Advani, A et al, (2019), A Wealth Tax for the UK, Wealth Tax Commission

[40] Brynjolfsson, E, (2022), The Turing Trap: The Promise & Peril of Human-Like Artificial Intelligence in Daedalus

Introduction

Britain is a wealthy country, but its wealth is increasingly concentrated in few hands. While wealth inequality has remained fairly stable in relative terms over recent decades (with the richest 10% owning about 60% of the UK's wealth), substantial rises in the value of assets have dramatically increased the absolute wealth gap between the richest and poorest households to a level that is second only to the USA, among OECD countries. As a result, wealth – or its absence – has a bigger impact on people's lives than ever before, from their housing to their health.

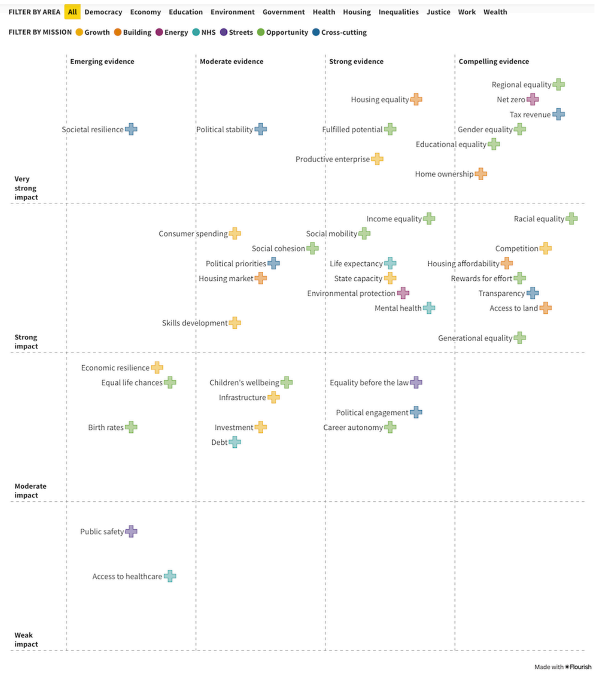
The fact that much wealth is unearned raises serious questions of fairness, but the size of the wealth gap also has demonstrably negative impacts on our economy, society, democracy and environment. Contrary to the orthodox idea that inequality is necessary for a dynamic economy, growing evidence suggests that wealth stratification undermines productivity and growth. It also reduces social cohesion, damages faith in democracy, and makes it harder to reach net zero. What's more, as the size of the wealth gap is forecast to grow over the coming decades, the risk is that these existing impacts, which also exacerbate each other, will only get worse over time.

There is limited policymaker and public understanding of the causal relationship between the wealth gap and these negative 'spillover effects', so this report sets out to communicate the evidence base as clearly and concisely as possible through a range of powerful and accessible data visualisations. The report also looks at the evidence base for the policy solutions that will either reduce the wealth gap or mitigate its impacts on other areas, and at the evidence on public attitudes to both the problem and the solutions (including new polling and focus group research on public understanding of the impacts of wealth inequality).

Online resources

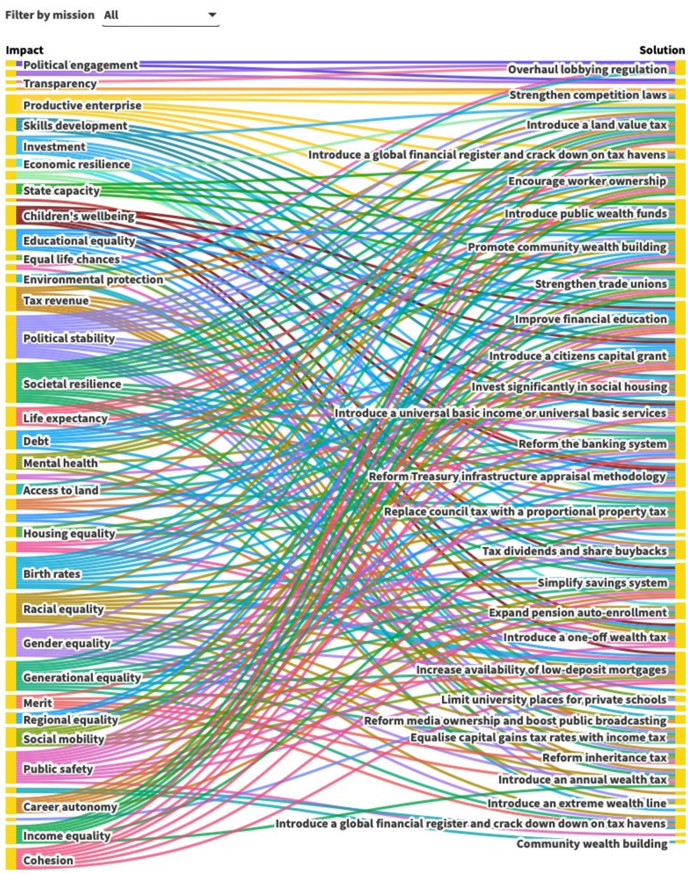
The online version of this report includes a range of interactive data visualisations:

Impacts of the wealth gap

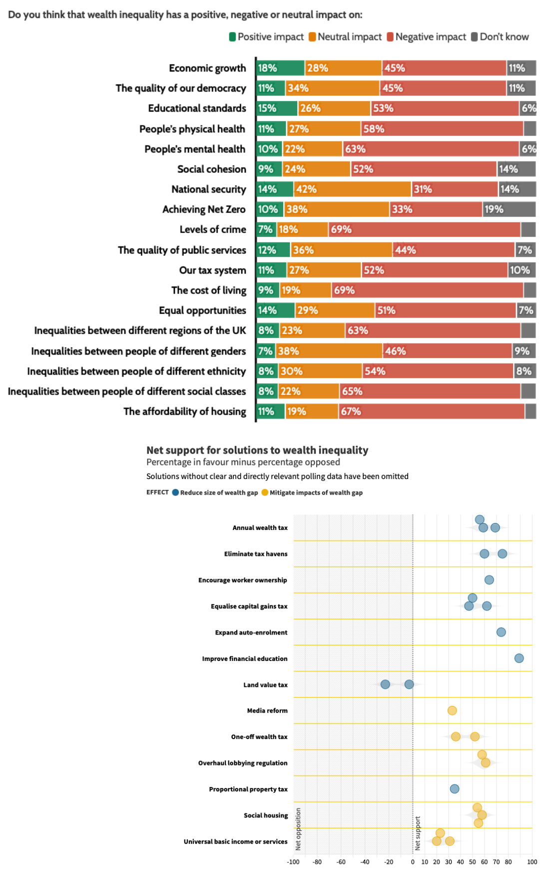


Solutions to the wealth gap

Mapping impacts to solutions



Attitudes to the wealth gap



Methodology

This report is not an academic literature review or evidence synthesis; it was not put together using the tools or approaches of such exercises, in part because academic researchers are not the primary target audience (although they are an important audience). It is aimed instead at policymakers and those who formally advise or informally influence them. As such it prioritises accessibility over comprehensiveness, simplicity over complexity, breadth over depth. It is intended to show the overall sweep of the arguments, and does not claim to capture every aspect or nuance of them.

As such, those readers with expertise in any of the topics covered in this report will find plenty to get annoyed about. This report looks at both peer-reviewed academic literature and the 'grey' literature of think tanks and other groups. It coarsely summarises complicated and multifaceted research findings. The evidence base in this area is new and sometimes patchy, so there are rarely multiple studies on a single causal (or correlational) relationship to provide corroboration. Few academics would put their name to the subjective exercise that we have undertaken to 'score' impacts of - and solutions to – the wealth gap based on the strength of the evidence base and the strength of the causal link (and feasibility, in the case of solutions).

Having said that, we have tried to be as rigorous as possible. All evidence is cited, and we have approached as many of the referenced authors as we can to check that they are happy with how their work has been presented in the report. We have cast the net as wide as possible within the various constraints upon us, when looking for available evidence. And we are intending to continue to keep this resource up to date, with an as yet undefined plan for releasing periodic revisions to it. With that in mind, if you know of evidence that we have missed, or that has been or will be published after this report has gone live, or you think that we have made a mistake, or would simply like to point out a gap in the evidence base that we should be aware of or to comment on some other aspect of the report, please fill in this online form. Thank you!

A few specific points are worth mentioning in relation to our methodology.

Data on wealth inequality in the UK: Most data is sourced from the Office for National Statistics' Wealth and Assets Survey, a biennial longitudinal survey which started in 2006 and was last revised in 2018-2020. This survey measures the wealth of UK households and individuals in terms of pensions, property, financial and physical assets, and indebtedness. When comparing the UK to other countries, we have used the OECD's Wealth Distribution Database, which collects information on household wealth across most OECD countries. In interpreting the WAS and WDD data, we have used in-depth analysis by the Resolution Foundation, the Institute for Fiscal Studies and the Institute for Public Policy Research.

Income inequality vs wealth inequality: Most research on the consequences of inequality focuses on income inequality, or on deprivation (a measure that includes several things, but not wealth). Identifying the specific impacts of wealth inequality is therefore not always easy. Where there is research on this, we have referenced it. Where there is not, we have noted this, and have incorporated evidence on the impacts of income inequality if this seems reasonable to us, or left it out if it doesn't. This is inevitably something of a subjective judgement. If you think that we have been too conservative or not conservative enough, please let us know using the form above.

Extreme wealth vs wealth inequality vs wealth gap vs poverty: The scope of this report is about the impacts of, and solutions and public attitudes to, the wealth gap (defined in the report as the absolute gap in wealth between the wealthiest and poorest households in the UK). However, some of the evidence cited is based on wealth inequality (the relative difference in wealth between those two groups), and some is based on the concentration of (extreme) wealth at the top of society, or the absence of wealth among the poorest half of the population. This distinction is little more than semantic in some cases, but it does mean that the emphasis is slightly different from, for example, the excellent report on the Risks of Extreme Wealth that was published recently by *Patriotic Millionaires UK* and the Good Ancestor *Movement*.

Global vs UK-specific evidence: The report focuses on impacts, solutions and attitudes around the wealth gap in the UK, not around the world. As noted above, there is often less evidence than we would like for the wealth gap in the UK, so in some cases we have cited non-UK evidence where there is a specific cross-country element, or arguments that can be applied to the UK based on empirical evidence from other countries. We also look at statistics from other countries for comparative purposes, and we recognise that wealth inequality in the UK cannot be considered in isolation from the rest of the world, in part because the wealthy are often globally mobile (albeit less willing to move purely for tax purposes than many would have you believe) and in part because wealth inequality in the UK exposes it as a country to global risks (and vice versa).

Risks vs impacts: As noted in the executive summary, this report is not strictly a risk register, in that is focuses more on actual, realised impacts than on hypothetical future risks. However, we believe that all of the evidence suggests that these impacts will continue to worsen over time (in the absence of concerted efforts to mitigate them), in part because it looks overwhelmingly likely that the wealth gap will continue to grow over time, and in part because many of the impacts are mutually reinforcing and could therefore trigger a negative feedback loop.

Direct vs indirect impacts: These mutually reinforcing impacts create a complicated pattern of indirect impacts whereby, for example, wealth inequality worsens physical health inequalities because of its impact on housing, labour markets, mental health and opportunity. Fully capturing these indirect impacts is too ambitious an undertaking for this report, so we have limited our analysis to directly observable impacts only, thus inevitably underplaying the full impacts of wealth inequality on many or all of the issues covered in the report.

Scoring impacts: We have scored the 41 impacts listed in the report in two ways. The first is an assessment of the strength of the evidence base for the impact of the wealth gap on the issue in question, with four options (emerging, moderate, strong, compelling). The second is an assessment of the strength of the relationship between the wealth gap and the issue in question, i.e. how strong an impact the wealth gap has on the issue, also with four options (weak impact, moderate impact, strong impact, very strong impact). This is not measuring the importance of the impact itself. Both scores are subjectively assigned by us, based on the imperfect overview of the evidence base that we have gained from researching this report and from our wider knowledge of the issues.

Types of solutions: We distinguish between solutions that reduce the size of the wealth gap and those that mitigate its impacts (its spillover effects into other areas, such as political inequality). We also differentiate between solutions that would redistribute currents stocks of wealth and those that would more evenly distribute future stocks of wealth (predistribution). Finally, we make a distinction between solutions that are 'collectivist' (that share wealth) and those that are 'individualist' (that encourage individuals to accumulate wealth privately).

Scoring solutions: We do not explicitly endorse particular solutions, but rather assess each of the 29 solutions listed in three ways. The first, as with impacts, is an assessment of the strength of the evidence base for each solution to the wealth gap, with four options (emerging, moderate, strong, compelling). The second is an assessment of the impact of each solution on the wealth gap, i.e. how effective it is at either reducing the wealth gap or mitigating its impacts, also with four options (weak impact, moderate impact, strong impact, very strong impact). The third is an assessment of the feasibility of each solution. This is on a numeric scale of one (low) to four (high) that is calculated as the mean of three scores: affordability, ease of implementation, and average support (each also on a numeric scale of one to four). Average support itself is the mean of three scores (public support, political support and expert support, each also on a numeric scale of one to four). Each of these scores have, again, been subjectively assigned by us, based once more on the imperfect overview of the evidence base that we have gained from researching this report and from our wider knowledge of the issues. The only exception is that where we have found polling evidence on public support for particular solutions (as summarised in the 'attitudes' section), this has been reflected in the public support score. Political support is interpreted in terms of the level of cross-party support, with some attention also paid to which party is currently in government. Affordability is assessed in relative terms (i.e. something that scores a one is much less affordable than something that scores a four, but we are not making a judgement about whether the first is definitely unaffordable, or indeed whether the second is definitely affordable).

Matching impacts to solutions: We have also attempted (in the solutions section) to show which solutions relate to each of the impacts. This is an exercise that could be approached in several ways. For example, many of the tax-based solutions that reduce the size of the wealth gap could be argued to relate to all of the impacts of the wealth gap to a greater or lesser extent. We have trodden a middle path between this 'maximalist' approach and a much narrower interpretation.

Assessing attitudes to the impacts of wealth inequality: As noted in the 'attitudes' section of the report, the evidence on how people relate to and understand wealth inequality is still developing but is increasingly rich, and we are lucky to have been able to cite and draw on an excellent recent literature review of public attitudes to wealth inequality by the London School of Economics and the Joseph Rowntree Foundation. Because public awareness of and attitudes to the impacts of wealth inequality was outside the scope of this review, we decided to commission some research of our own into this area. We carried out some polling and online qualitative interviews (with an AI moderator) with the help of Focaldata. The report contains details of the samples for each, and links to the full polling data.

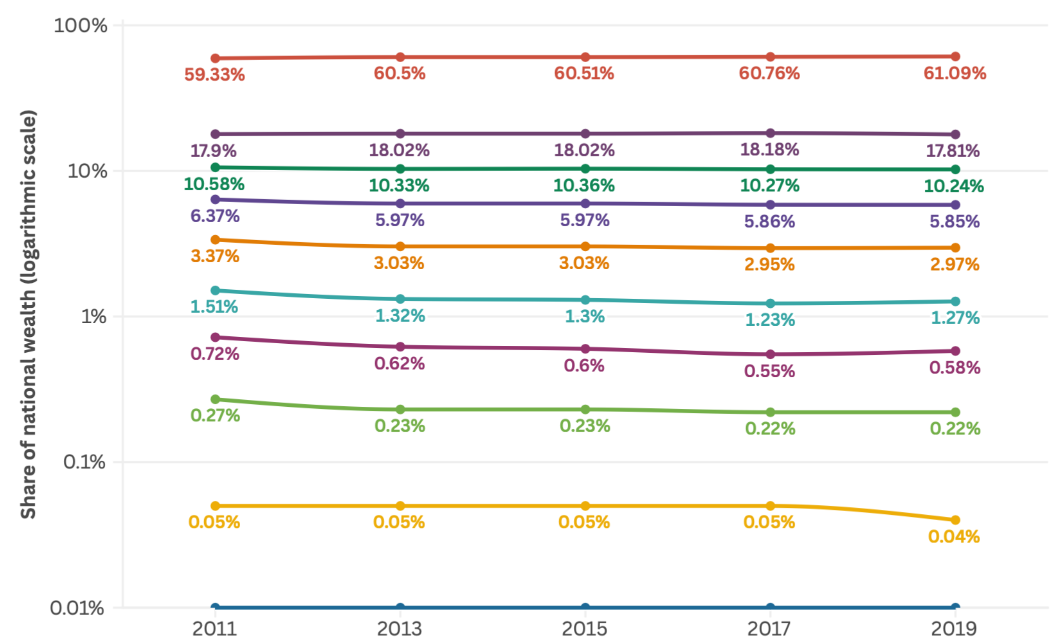
Measuring the wealth gap: This analysis is based on two sources of data: waves 3-7 of the Wealth and Assets Survey (WAS) provided publicly by the Office for National Statistics (ONS), and the 2011 to 2019 Sunday Times Rich List (STRL). Wealth is defined as the sum of financial, physical, property, pension and business assets minus their debts. Individual-level data is used. All wealth values are adjusted to control for inflation. The CPI-H from the ONS is used. Wealth for all years is expressed in 2019 £ values. The ONS wealth survey data significantly underestimates wealth at the very top of the distribution, as wealthier households are less likely to respond to the survey (differential unit non-response), may under-report their wealth (item non-response) or may simply be missing from the sample (ONS, 2022). For example, the wealth of the richest person in 2018-2020 is £78m, which is less than that of the least wealthy person on the STRL (£100m). For this reason, it is standard practice in the academic literature to combine STRL and survey data and to fill in the missing data by assuming that the top tail of the wealth distribution follows a Pareto type 1 distribution (Vermeulen, 2018). This is done for all waves. This analysis does this by taking the 99th percentile (individuals with wealth above £2.1m in 2018-2020) as the cutoff at which the data is adjusted. Using the methodology outlined by Vermeulen (2018), it finds that £2.25 trillion in wealth is missing from the top 1% of the wealth distribution in the latest year. The top 1% share of wealth increases from 15% to 25% – to a level more broadly consistent with that of the World Inequality Database, which has a top 1% wealth share of 21% in the UK for that year. As the WAS conducts its survey waves in periods of two years, we take the middle year as the reference point (e.g. 2011 refers to the 2010-2012 WAS wave). We ignore the first wave of the WAS (2006-2008) due to data issues in collecting physical wealth, and the second wave (2008-2010) due to data issues with individual-level wealth holdings. We therefore treat the third wave of the WAS (2010-2012) as the baseline. This also helps to control for the high volatility of wealth values during the financial crisis, particularly at the top. All means, medians and totals are weighted using cross-sectional survey weights. The WAS does not include business assets, nor does it combine its data with STRL data, so these findings may not be directly comparable. This dataset includes all individual respondents to the survey, and has not been processed to exclude children. As a result, the mean and median wealth figures for each decile are lower than the ONS publications, which use household level data. We keep in individuals with negative wealth, but we do not assume a growth rate for deciles where the mean/median has a negative value.

Measuring the wealth gap

To provide some context for our Wealth Gap Risk Register, we wanted to answer one key question: how big is the wealth gap in the UK, and what has happened to it in the last few years? To find out, we asked Ben Tippet, an economist at King's College London, to look at the data.

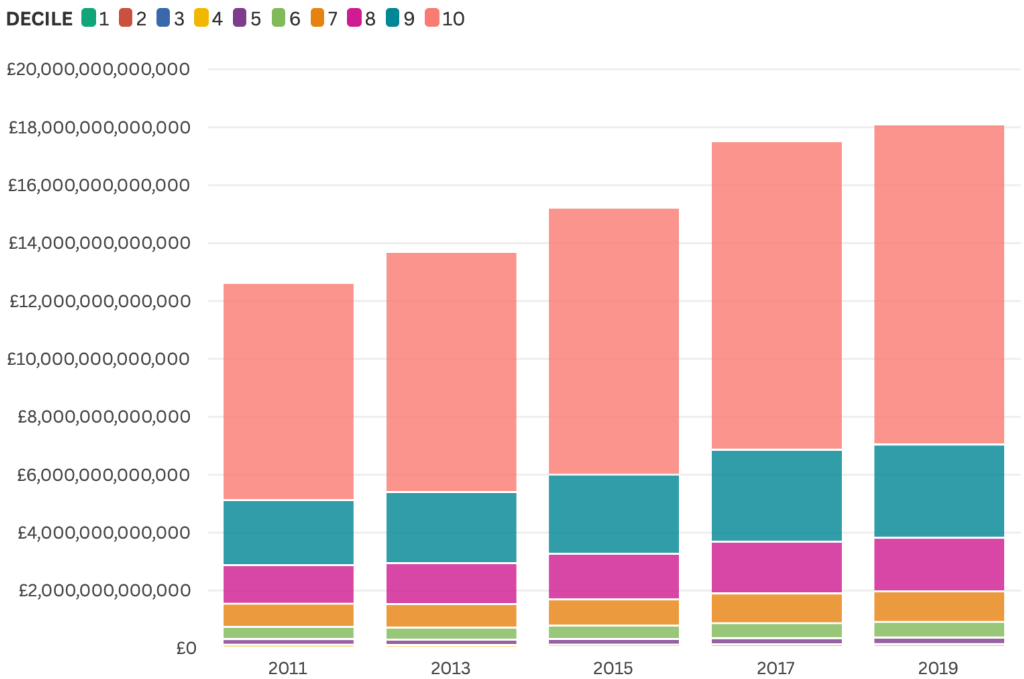
Wealth inequality in relative terms (the percentage of national wealth that is owned by the poorest 10%, the wealthiest 10% and so on) has remained relatively stable over recent years. The top 10% own about 60% of the nation's wealth.

Relative wealth share between 2011 and 2019, by wealth decile



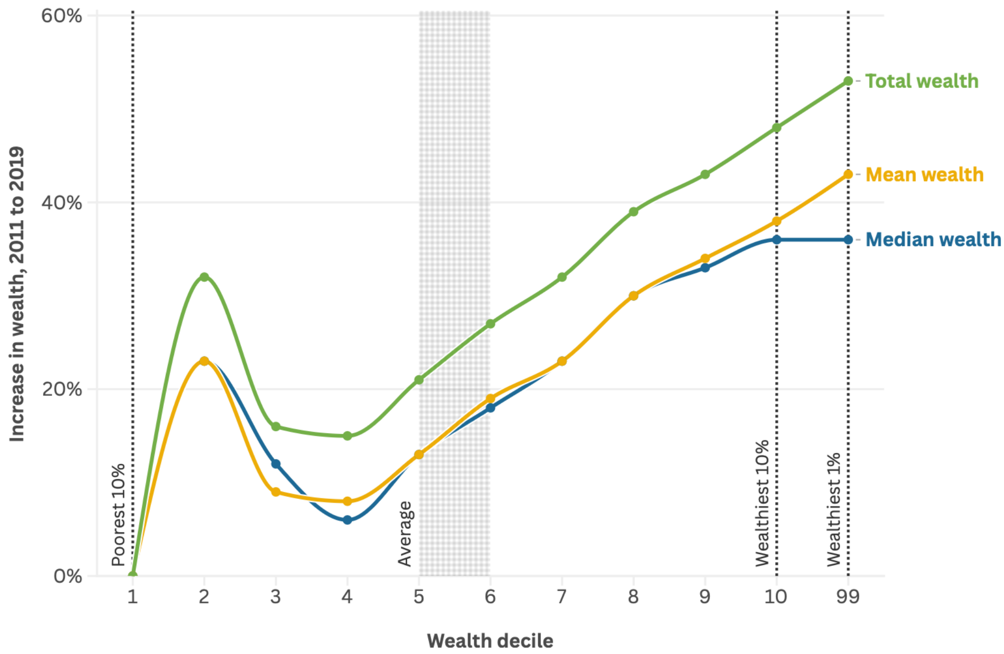
However, the total amount of wealth in the UK has increased significantly over the same time period.

Total private wealth in the UK by decile, 2011-2019



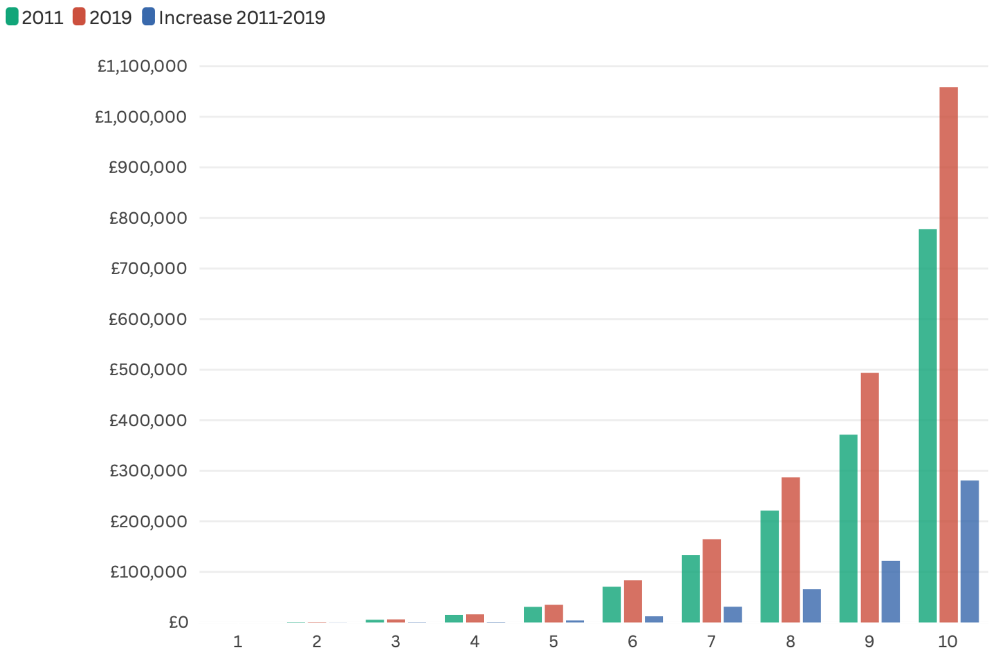
Added to that, wealthier groups have seen their wealth increase more in percentage terms than less wealthy groups.

Increase in wealth in percentage terms between 2011 and 2019, by wealth decile

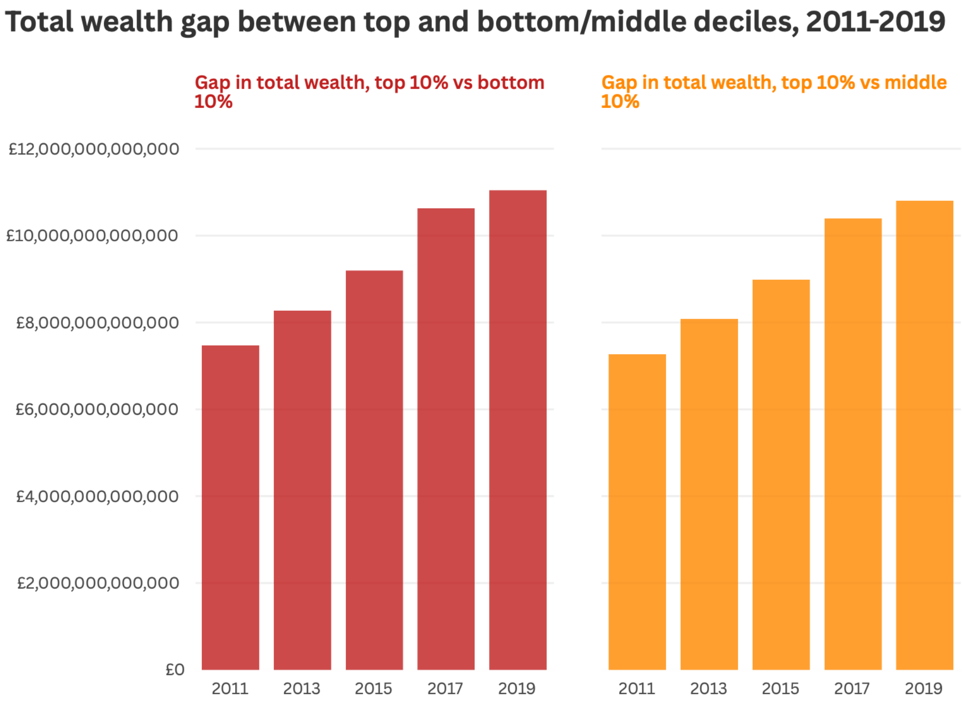


As a result, the median wealth of someone in the wealthiest 10% in society has increased by much more than someone in any other group.

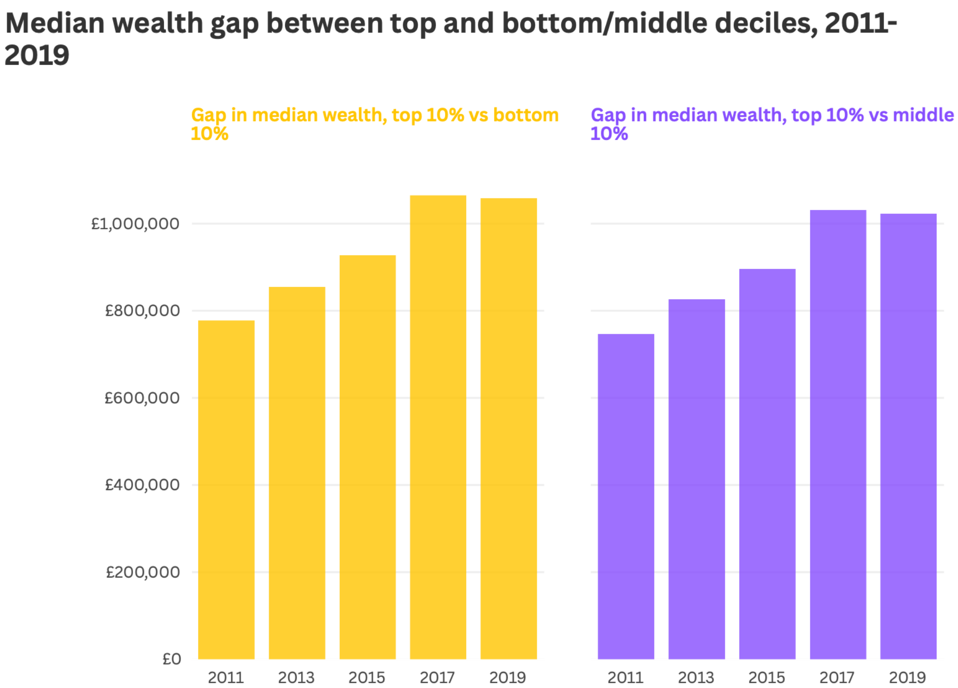
Median wealth in the UK by decile, 2011 and 2019



The gap in total wealth between the top 10% and bottom 10% in the UK increased by 48% between 2011 and 2019 (from £7.5 trillion to £11 trillion). There was a 49% increase in the same gap between the top 10% and the middle 10% (from £7.3 billion to £10.8 billion).



The gap in median wealth between the top 10% and bottom 10% in the UK increased by 36% between 2011 and 2019 (from £778k to £1,058k). There was a 37% increase in the same gap between the top 10% and the middle 10% (from £747k to £1,023k).



Impacts

Wealth inequality has emerged as a critical and divisive problem in the UK, with far-reaching societal implications. Unlike income disparities, wealth accumulates over generations, creating a compounding effect that exacerbates socioeconomic divisions. This long-term accumulation of assets has positioned wealth inequality as arguably the most significant form of economic disparity. Wealth bestows substantial advantages on those who have it, and severely limits the wellbeing and everyday life chances of those who don't. Having wealth means knowing you have a financial buffer to deal with unexpected life events, as well as access to better opportunities.

These disparities raise the issue of fairness, especially because much wealth is unearned. Assets generate returns without work. Rent-seeking behaviour has become increasingly prevalent in the UK, rewarding those who extract existing wealth rather than create new wealth. Assets also rise in value not because of the skill or effort on the part of the asset-holder, but from external factors such as public investment or monetary policy. Perhaps most significantly though, wealth is increasingly gifted rather than earned. There is a large, and growing, division between those who inherit wealth and those who have to work to build wealth.

Not only is this unfair, it also has profound impacts for on UK as a whole. Against the old assumptions that inequality is necessary for a dynamic economy, growing evidence suggests that wealth stratification undermines growth. A testament to stagnation and decline, Britain underscores this updated perspective. It is the most spatially unbalanced advanced economy in the world; its markets are increasingly concentrated, restricting competition; persistent social immobility obstructs the supply of talent and new ideas; and chronic underinvestment has compromised state capacity, making the country less prosperous, not to mention more exposed to political and social disintegration.

This section of the report presents the evidence for 41 impacts of the wealth gap in the UK, looking at the ways in which wealth inequality (understood in absolute rather than relative terms) already damages our society, economy, democracy and environment. As the size of the wealth gap in the UK is expected to rise over the coming years, the risks are that each of these individual impacts will worsen, but also that their collective impact will become even greater because of the various ways in which these impacts reinforce each other, creating a snowball effect.

The matrix overleaf plots these impacts on two axes. Along the top, they are ordered according to the strength of the evidence for the impact of the wealth gap on the issue in question. Down the side, they are ordered by the strength of the relationship between the wealth gap and the issue in question (how strong an impact the wealth gap has on the issue).

Mapping the impacts of the wealth gap by strength of evidence and of impact

Evidence >	**Emerging**	**Moderate**	**Strong**	**Compelling**
Very strong impact	Societal resilience	Political stability	Housing equality Talent Productive enterprise	Regional equality Net zero Tax revenue Gender equality Educational equality Home ownership
Strong impact		Consumer spending Social cohesion Political priorities Housing market Skills development	Income equality Social mobility Life expectancy State capacity Environmental protection Mental health	Racial equality Competition Housing affordability Rewards for effort Transparency Access to land Generational equality
Moderate impact	Economic resilience Equal life chances Birth rates	Children's wellbeing Infrastructure Investment Debt	Equality before the law Political engagement Career autonomy	
Weak impact	Public safety Access to healthcare			

Table of wealth gap impacts

Name	Description	Evidence	Impact
Political engagement	Undermines public faith and participation in politics	3	2
Political priorities	Makes political parties dependent on wealthy donors	2	3
Transparency	Increases the influence of lobbyists on the political process	4	3
Competition	Exacerbates market concentration	4	3
Productive enterprise	Incentivises extraction over production	3	4
Skills development	Obstructs human capital accumulation	2	3
Investment	Diverts investment from productive areas	2	2
Economic resilience	Increases vulnerability to economic shocks	1	2
Consumer spending	Reduces consumer spending due to costs of housing	2	3
State capacity	Privatises the gains and socialises the risks of investment	3	3
Infrastructure	Leads to very unequal levels of infrastructure across the UK	2	2
Children's wellbeing	Leads to unfair inequalities in children's mental health and wellbeing	2	2
Educational equality	Leads to unfair inequalties in educational outcomes	4	4
Equal life chances	Enables a two-tier educational system with huge impacts on life chances	1	2
Net zero	Leads to higher per capita carbon dioxide emissions	4	4
Environmental protection	Obstructs action on climate change and environmental protection	3	3
Tax revenue	Undermines the state's ability to maintain services	4	4
Political stability	Encourages elite overproduction	2	4
Societal resilience	Harder for institutions to adapt to changing circumstances	1	4
Life expectancy	Creates unfair differences in life expectancy and healthy life expectancy	3	3

Name	Description	Evidence	Impact
Debt	Creates additional physical and mental health pressures for some groups	2	2
Mental health	Fuels 'status anxiety' across all socioeconomic groups	3	3
Access to healthcare	Enables a two-tier health system with huge impacts on life outcomes	1	1
Access to land	Obstructs action to democratise land ownership	4	3
Housing market	Exacerbates the housing crisis through opposition to housebuilding	2	3
Home ownership	Prevents most young people from home ownership	4	4
Housing equality	Allows wealthy to generate more wealth through asset appreciation	3	4
Housing affordability	Increases rates and costs of housing precarity and homelessness	4	3
Birth rates	Restricts family formation	1	2
Racial equality	Exacerbates racial wealth gaps	4	3
Gender equality	Exacerbates gender wealth gaps	4	4
Generational equality	Exacerbates intergenerational wealth gaps	4	3
Rewards for effort	Makes inheritance more important than effort	4	3
Regional equality	Exacerbates regional wealth gaps	4	4
Social mobility	Makes it harder to overcome inequalities	3	3
Public safety	Increases levels of crime	1	1
Equality before the law	Leads to a two-tier justice system	3	2
Career autonomy	Gives people an unequal amount of freedom to choose their career	3	2
Fulfilled potential	Blocks career opportunities to some people, leading to wasted talent	3	4
Income equality	Allows the wealthy to extract wealth at the expense of everyone else	3	3
Social cohesion	Undermines trust between people from different backgrounds	2	3

Political engagement

Area: *Democracy* | Mission: *Cross-cutting*

Relationship: *Strong evidence that the wealth gap has a moderate impact*

Impact of the wealth gap: *Undermines public faith and participation in politics*

Those with less wealth in the UK are more likely to believe they have no political influence and are much less likely to vote and participate in politics

Perceptions of political influence and trust vary by wealth, with renters more likely than homeowners to believe they have no say over what the government does, and less likely to believe that parliament acts in their best interest. They are also twice as likely than homeowners to say that it's not worth voting, and are considerably less likely to vote in general elections - the turnout gap between homeowners and renters is now at 23%. The relationship between participation and responsiveness goes both ways, contributing to a doom loop wherein low levels of participation lead to unfavourable policies for the less wealthy, which in turn further suppress participation.

SOURCE(S): Who decides? Influence and inequality in British democracy (IPPR, 2023) *https://www.ippr.org/articles/who-decides*

Political priorities

Area: *Democracy* | Mission: *Cross-cutting*

Relationship: *Moderate evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Makes political parties dependent on wealthy donors*

Total donations to UK political parties have more than doubled since the turn of the century, driven mainly by large private donations

Political parties in the UK are mostly dependent on private donations for funding. Since 2001, donations have grown by nearly 250%, reaching over £100 million in 2019, fuelling a corrosive approach to politics wherein the electorate is seen as something to buy rather than to persuade. The rise is predominantly being driven by so-called 'super-donors' – those who contribute over £100,000. This seriously compromises the integrity of UK democracy, as wealthy people can secure both privileged political access and influence. Between 2013 and 2023, nearly a quarter (68 out of 284) of all peerage nominations from political parties were individuals who had donated substantial sums, totalling over £58 million, to those same parties.

SOURCE(S): Financing UK democracy: a stocktake of 20 years of political donations disclosure (University of Warwick, 2023) *https://onlinelibrary.wiley.com/doi/10.1111/1475-5890.12347*

Transparency

Area: *Democracy* | Mission: *Cross-cutting*

Relationship: *Compelling evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Increases the influence of lobbyists on the political process*

The UK lobbying industry at Westminster is the third largest in the world and is also one of the most poorly regulated and opaque

Businesses pour money into UK politics in order to influence policies and legislation that could impact their operations and bottom line. Large companies, unlike smaller organisations who lack the resources, are able to pay politicians and lobbyists to advocate on their behalf. It was only recently that the UK started regulating its lobbying industry, but these rules fall below international standards. UK regulations lack key transparency requirements like disclosure of lobbying targets, expenditures, subject matter, or employment of former public officials, which many other countries mandate. Put simply, the UK is an outlier among developed nations, with exceptionally weak and outdated lobbying rules that provide little insight into the scale and influence of lobbying on policymaking.

SOURCE(S): Cleaning Up UK Politics: What Would Better Lobbying Regulation Look Like? (Queen's University Belfast, 2023) https://academic.oup.com/pa/advance-article/doi/10.1093/pa/gsad024/7424527

Competition

Area: *Economy* | Mission: *Growth*

Relationship: *Compelling evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Exacerbates market concentration*

The UK economy has become more concentrated, distorting market dynamics, creating barriers to new competition, and harming consumers

When individuals or firms amass significant amounts of wealth, they gain influence and power over markets, potentially leading to monopolistic practices and anti-competitive behaviour. After the 2008 financial crisis, most UK industries became more concentrated. The share of total revenue accounted for by Britain's 100 biggest firms rose from 18.5% in 2003-04 to 23% in 2015-16, a 25% increase. The five largest firms within each sub-sector accounted for 39% of sub-sector revenue in 2003-04, increasing to about 43% by 2015-16. Although this trend shows signs of stabilisation and slight reduction, competitive pressure is still weak. The likelihood of the largest firms remaining the largest firms has increased, potentially affecting product prices and quality, and stifling innovation. Overall, the changes in concentration, according to the Department of Business, Energy and Industrial Strategy, suggest a tendency towards ‘oligopolistic structure’.

SOURCE(S): Is everybody concentrating? Recent trends in product and labour market concentration in the UK (Resolution Foundation, 2018) https://www.resolutionfoundation.org/publications/is-everybody-concentrating-recent-trends-in-product-and-labour-market-concentration-in-the-uk/, *State of UK competition report 2022 (UK Government, 2022)* https://www.gov.uk/government/publications/state-of-uk-competition-report-2022

Productive enterprise

Area: *Economy* | Mission: *Growth*

Relationship: *Strong evidence that the wealth gap has a very strong impact*

Impact of the wealth gap: *Incentivises extraction over production*

The transformation of the UK economy towards rentier dynamics has shifted economic activity away from productive enterprise

Traditionally seen as financialised, the UK economy should more accurately be described as rentierised, a condition wherein large corporations and sectors are structured around asset control and rent-based income rather than production or trade. Since the beginning of the 1980s, markets for the control of assets have been massively expanded, under conditions of limited competition. Key assets such as financial instruments, land, natural resources and intellectual property now structure the UK economy, predominantly benefiting asset owners. This has significant implications for the UK's long-term economic growth prospects, limiting innovation and technological progress, reducing economic dynamism and productivity, and making us more vulnerable to economic shocks.

SOURCE(S): The rentierization of the United Kingdom economy (Uppsala University, 2019) https://journals.sagepub.com/doi/abs/10.1177/0308518X19873007

Skills development

Area: *Economy* | Mission: *Growth*

Relationship: *Moderate evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Obstructs human capital accumulation*

Wealth inequality in the UK obstructs human capital accumulation, leading to persistent declines in human capital, earnings, and economic growth

Wealth allows people to invest in costly education, training and other opportunities. Those with less wealth are less able to access these activities and therefore struggle to improve their skillsets, lagging behind individuals with higher levels of wealth. Even small differences in household wealth can lead to sizeable and long-lasting gaps in human capital and income. Low-wealth households are also more vulnerable to economic shocks, as they lack the savings to maintain human capital investments during downturns. This amplifies the impact of recessions, leading to persistent declines in human capital and slower economic recovery.

SOURCE(S): The Interplay between Wealth and Human Capital Inequality - Implications for the UK's post-Covid19 recovery (University of Birmingham, 2023) https://github.com/maxschr90/JMP/blob/main/WIHCI_Schroeder.pdf

Investment

Area: *Economy* | Mission: *Growth*

Relationship: *Moderate evidence that the wealth gap has a moderate impact*

Impact of the wealth gap: *Diverts investment from productive areas*

The rapid appreciation of UK housing wealth has diverted investment and lending away from more productive uses towards the housing market

The UK has a high ratio of real estate lending to business loans compared to the Eurozone. Real estate loans to businesses and individuals accounted for over 78% of all loans to non-financial UK residents, while loans to UK businesses constituted just 3% of all banking assets as of 2017. The majority of real estate loans and mortgages do not directly contribute to increasing the productive capacity of the economy, generating higher growth, or driving wage increases. Instead, their primary effect is to fuel further appreciation in asset prices, particularly in the housing market. This dynamic has created a self-reinforcing cycle, where rising housing wealth encourages further borrowing and investment in the housing sector. Consequently, other sectors of the economy that could potentially generate higher productivity gains and long-term economic growth struggle to access the necessary finance.

SOURCE(S): Financing Investment: Reforming finance markets for the long-term (IPPR, 2017) https://www.ippr.org/articles/cej-financing-investment, Financial Stability Report (Bank of England, 2017) https://www.bankofengland.co.uk/-/media/boe/files/financial-stability-report/2017/june-2017.pdf?t

Economic resilience

Area: *Economy* | Mission: *Growth*

Relationship: *Emerging evidence that the wealth gap has a moderate impact*

Impact of the wealth gap: *Increases vulnerability to economic shocks*

The comparatively high levels of household debt make the UK economy less resilient by increasing the risk of defaults and potentially reducing consumer spending

The UK has relatively high levels of household debt compared to many other countries. The UK's household debt-to-income ratio stands at around 80.6%, compared with the European average of 54.4%, although well below nations like Australia (110%) and Switzerland (126%). Historically, high household debt has amplified economic shocks in the UK by pressuring household finances and consumption. During the 2008 financial crisis, the UK's elevated household debt levels exacerbated the downturn's impact. While households entered the Covid-19 pandemic with lower debt burdens than in 2008, high debt could still pose risks, especially if economic conditions deteriorate.

SOURCE(S): Household debt: statistics and impact on economy (House of Commons Library, 2024) https://researchbriefings.files.parliament.uk/documents/CBP-7584/CBP-7584.pdf

Consumer spending

Area: *Economy* | Mission: *Growth*

Relationship: *Moderate evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Reduces consumer spending due to costs of housing*

Rising house prices and rents reduce consumers' spending power in the rest of the economy as higher proportions of income are spent on housing costs

In 2022-23, private renters spent an average of 32% of their household income on rent, while social renters spent 26%. For mortgagors, the average was 18% of household income spent on mortgage payments. In contrast, outright homeowners who have paid off their mortgages face much lower housing costs. The burden is particularly high for younger generations - a 2021 study found that millennials (those born between 1981 and 2000) spent on average 28% of their income on housing costs, compared to just 15% for baby boomers (born between 1946 and 1965). The poorest 20% of households spent an average of 39% of their income on housing costs in 2021/22, up from 35% in 2010/11. For households in poverty, the proportion was even higher, at 54% in London and 36% in the rest of England. Rising housing costs relative to incomes have contributed to lower disposable income and reduced consumer spending power, especially for low-income households. This exacerbates wealth inequality, as higher-income households can accumulate housing wealth through home ownership while the asset-poor see a growing proportion of their income going towards rent payments.

SOURCE(S): English Housing Survey 2022-23 (Department for Levelling Up, Housing and Communities, 2023) https://www.gov.uk/government/statistics/chapters-for-english-housing-survey-2022-to-2023-headline-report/chapter-2-housing-costs-and-affordability?t

State capacity

Area: *Economy* | Mission: *Growth*

Relationship: *Strong evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Privatises the gains and socialises the risks of investment*

The private sector has captured a disproportionate share of the returns from public investments and innovation in the UK, while the public sector socialises the risks

The state has played a leading entrepreneurial role in funding high-risk research across sectors like biotechnology, IT, and energy. However, once these technologies were commercialised, private companies were able to privatise the rewards through aggressive patenting, pricing strategies, and lack of royalty payments to the public sector. This has created a dysfunctional dynamic whereby the public sector socialises the risks of funding radical innovations, but private companies reap most of the financial rewards, allowing them to become much wealthier than they otherwise would have done, by coopting publicly funded research. This undermines the ability of the state to continue playing its entrepreneurial role in driving innovation-led growth.
SOURCE(S): The Entrepreneurial State and public options: Socialising risks and rewards (UCL, 2020) https://www.ucl.ac.uk/bartlett/public-purpose/sites/public-purpose/files/final_the_entrepreneurial_state_and_public_options.pdf

Infrastructure

Area: *Economy* | Mission: *Growth*

Relationship: *Moderate evidence that the wealth gap has a moderate impact*

Impact of the wealth gap: *Leads to very unequal levels of infrastructure across the UK*

Regional economic inequalities in the UK are among the highest in developed countries, manifesting in differences in infrastructure quality and access, and business investment

Infrastructure investment has been heavily skewed towards London and the greater South East region. This uneven distribution of transport and other infrastructure spending has contributed to widening productivity gaps across UK regions. Areas with poorer infrastructure connectivity tend to have lower 'effective economic density' and agglomeration benefits, constraining their economic performance relative to better-connected regions like London. These existing spatial inequalities, combined with investment appraisal methods focused on maximising economic returns, reinforce a pattern wherein public infrastructure investment disproportionately flows to already prosperous regions. In addition, early stage investment in high-potential firms is constrained in some regions. The concentration of equity investors in London reduces their ability to identify and support good investment opportunities outside of London.

SOURCE(S)

Tackling the UK's regional economic inequality: Binding constraints and avenues for policy intervention (Harvard University, 2023) https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/files/198_AWP_final.pdf, National Infrastructure Assessment (National Infrastructure Commission, 2023) https://nic.org.uk/studies-reports/national-infrastructure-assessment/

Children's wellbeing

Area: *Education* | Mission: *Opportunity*

Relationship: *Moderate evidence that the wealth gap has a moderate impact*

Impact of the wealth gap: *Leads to unfair inequalities in children's mental health and wellbeing*

Greater parental housing wealth is associated with fewer emotional and behavioural problems in children

Higher levels of net housing wealth are linked to lower levels of peer problems, conduct issues, and overall behavioural difficulties in children, even after accounting for factors like income, socioeconomic status, and family characteristics. This suggests that housing wealth captures aspects of the home environment and neighbourhood quality that benefit child development and reduce behavioural challenges. Wealthier families may be able to provide more enriching experiences, live in safer neighbourhoods with more resources, and experience less economic stress, all of which can contribute to better behavioural outcomes in children.

SOURCE(S): Parental Wealth and Children's Cognitive Ability, Mental, and Physical Health: Evidence From the UK Millennium Cohort Study (UCL, 2020) https://srcd.onlinelibrary.wiley.com/doi/10.1111/cdev.13413

Educational equality

Area: *Education* | Mission: *Opportunity*

Relationship: *Compelling evidence that the wealth gap has a very strong impact*

Impact of the wealth gap: *Leads to unfair inequalties in educational outcomes*

Parental wealth plays a significant role in determining educational and career outcomes for children

There is a strong positive correlation between parental wealth and children's educational attainment, even after controlling for other factors like parental income and education levels. Wealthier parents can provide more educational resources and opportunities, such as private tutoring, extracurricular activities, and the ability to fund higher education costs without relying on loans. The economic security provided by wealth may increase parents' willingness to make educational investments and raise their aspirations for their children's academic success. The effect of parental wealth on educational outcomes persists into adulthood, with children from wealthier families more likely to obtain higher qualifications, attend prestigious universities. Wealthy parents are also able to help their children through internships and secure better employment prospects.

SOURCE(S): The effect of parental wealth on children's outcomes in early adulthood (LSE, 2017) https://eprints.lse.ac.uk/68507/13/Karagiannaki_Effect%20of%20parental%20wealth.pdf

Equal life chances

Area: *Education* | Mission: *Opportunity*

Relationship: *Emerging evidence that the wealth gap has a moderate impact*

Impact of the wealth gap: *Enables a two-tier educational system with huge impacts on life chances*

The existence in the UK of a flourishing private school sector not only limits the life chances of those who attend state schools but also damages society at large

The UK's private school system stands out due to its exclusivity and substantial resources. Unlike other countries with more accessible state-funded private schools with modest fees, the UK's private schools rely primarily on fees from affluent families, resulting in significantly higher funding per pupil compared to state schools. This economic disparity translates into better educational outcomes, university access, and labour market success for privately educated students. Outside private school, state school students tend to academically outperform their private school counterparts. Evidence also suggests that the existence of private schools in the UK leads to less efficient schooling overall than a comprehensive system that distributes resources more equitably across all students.

SOURCE(S): Asset or Liability? Assessing Evidence on the Aggregate Effects of Private Schools on British Society (UCL / University of Kent, 2022) https://www.llakes.ac.uk/wp-content/uploads/2022/08/Submission_LLAKESDP.pdf

Net zero

Area: *Environment* | Mission: *Energy*

Relationship: *Compelling evidence that the wealth gap has a very strong impact*

Impact of the wealth gap: *Leads to higher per capita carbon dioxide emissions*

Increased wealth inequality is directly correlated with higher per capita carbon dioxide emissions

The concentration of wealth, as measured by the share held by the top 10%, exhibits a consistently positive influence on per capita carbon emissions. A 1% rise in the wealth share of the top decile corresponds to an approximate 0.67-0.84% increase in emissions. Conversely, income inequality does not demonstrate a significant association with emissions levels. This implies that the concentration of wealth, rather than income disparity, plays a crucial role in driving higher carbon emissions within affluent nations, potentially attributable to heightened political influence wielded by the wealthy.

SOURCE(S): Wealth Inequality and Carbon Emissions in High-income Countries (University of Alabama, 2017) https://journals.sagepub.com/doi/10.1177/2329496517704872

Environmental protection

Area: *Environment* | Mission: *Energy*

Relationship: *Strong evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Obstructs action on climate change and environmental protection*

The super-rich influence environmental policies in favour of polluting industries and obstruct meaningful action on climate change

Wealthy companies and individuals in the UK obstruct efforts to tackle climate change through lobbying activities and financing campaigns that undermine climate policies. Major UK energy companies like BP and Shell have systematically opposed laws that would enable meaningful carbon pricing, despite publicly calling for it. Moreover, industry groups representing these companies have had an outsized influence on UK energy policy and regulation, hindering the clean energy transition. Economic inequality creates power imbalances that enable capital interests to expand carbon-intensive production and impede the UK's net zero commitments.

SOURCE(S): What is climate change lobbying? (LSE, 2023) https://www.lse.ac.uk/granthaminstitute/explainers/what-is-climate-change-lobbying/

Tax revenue

Area: *Government* | Mission: *Cross-cutting*

Relationship: *Compelling evidence that the wealth gap has a very strong impact*

Impact of the wealth gap: *Undermines the state's ability to maintain services*

The UK tax system favours wealth over work, damaging the state's ability to generate sufficient tax revenues

If you lack wealth, the only way to narrow the gap with the affluent is through labour, which is constantly and heavily taxed. Conversely, the rich mostly derive their income from stocks, bonds, property and so on, which benefit from tax relief and exceptions. For instance, the tax levied on the profit from the sale of a capital assets is 20%, and the effective tax rate on inheritance is 13%. This unfair scenario not only exacerbates inequality but also compromises the UK's capacity to meet its public spending commitments and maintain services, which is especially important amid further fiscal pressures like an aging population, high levels of government debt, and energy insecurity.

SOURCE(S): Britain's great tax con (New Statesman, 2023) https://www.newstatesman.com/politics/economy/2023/08/britains-great-tax-con

Political stability

Area: *Government* | Mission: *Cross-cutting*

Relationship: *Moderate evidence that the wealth gap has a very strong impact*

Impact of the wealth gap: *Encourages elite overproduction*

The UK's wealth gap makes it vulnerable to the cycle of elite overproduction that has precipitated many historical crises and revolutions

As wealth becomes increasingly concentrated among a small elite class, more people aspire to join the elite ranks to access that wealth and power. However, there are only a finite number of elite positions available. This creates intense competition among 'elite aspirants' who cannot all be absorbed into the elite class. The frustrated aspirants who fail to enter the elite form a 'counter-elite' that becomes increasingly opposed to the established power structure. They harness popular resentment towards the entrenched elite and their unequal accumulation of wealth. This leads to a loss of state legitimacy and rising social unrest, potentially culminating in political violence or revolution as the counter-elites seek to overthrow the existing order.

SOURCE(S): Peter Turchin on End Times: Counter-Elites and the Path of Political Disintegration (Fairness Foundation, 2024) https://fairnessfoundation.com/posts/end-times

Societal resilience

Area: *Government* | Mission: *Cross-cutting*

Relationship: *Emerging evidence that the wealth gap has a very strong impact*

Impact of the wealth gap: *Harder for institutions to adapt to changing circumstances*

Rising inequality could compromise the UK's ability to withstand climate shocks, geopolitical instability and other societal threats

Over time, wealth tends to become concentrated, causing a widening gulf between the rich and the rest of society. This can lead to heightened corruption, poorer decision-making that benefits the elite rather than the public good, and exacerbation of social ills like interpersonal violence. All of this makes it harder for institutions to effectively adapt to changing circumstances. Moreover, the increasing overhead costs of societal complexity may also drain resources away from the masses. As inequality grows, perceived unfairness and scarcity could drive discontent and violence that destabilises the state from within.

SOURCE(S): The vulnerability of aging states: A survival analysis across premodern societies (University of Cambridge, 2023) https://www.pnas.org/doi/10.1073/pnas.2218834120

Life expectancy

Area: *Health* | Mission: *NHS*

Relationship: *Strong evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Creates unfair differences in life expectancy and healthy life expectancy*

Those who live in the poorest areas in England have shorter lives than those in the wealthiest areas, as well as spending more time living with long-term illness

The gap in life expectancy between the most and least deprived areas in the UK is around 9 years for men and 7 years for women, highlighting the profound impact that socioeconomic factors have on health outcomes. Furthermore, individuals from deprived areas not only have shorter lives but also spend a greater proportion of their lives in poor health. Healthy life expectancy, which measures the number of years lived in good health, is nearly 20 years lower for both men and women in the most deprived areas compared to the least deprived areas. This means that people in poorer communities spend a substantial part of their lives dealing with long-term illnesses and disabilities, further exacerbating existing socioeconomic disadvantages. However, it is difficult to be certain about the direct causal impact of wealth inequality on inequality in (healthy) life expectancy, since this is calcuated on the basis of the Index of Multiple Deprivation (IMD), a metric that combines several measures.

SOURCE(S): Quantifying health inequalities in England (Health Foundation, 2022) https://www.health.org.uk/news-and-comment/charts-and-infographics/quantifying-health-inequalities

Debt

Area: *Health* | Mission: *NHS*

Relationship: *Moderate evidence that the wealth gap has a moderate impact*

Impact of the wealth gap: *Creates additional physical and mental health pressures for some groups*

Individuals on lower incomes are significantly more likely to be in problem debt, increasing their risk of adverse health outcomes and addiction

In households on the lowest tenth of incomes, 23% consider their debt a heavy burden, compared with just 1.5% on the highest tenth of incomes. Debt burdens can inflict significant strain on individuals, acting as a chronic stressor that triggers adverse mental health consequences like depression and physiological stress responses detrimental to well-being. Grappling with debt-related stress may lead individuals to adopt unhealthy coping mechanisms such as substance abuse or other risky behaviours. Deteriorating health conditions can simultaneously impair people's ability to resolve persistent debt issues, creating a concerning feedback loop with far-reaching implications for individual wellbeing.

SOURCE(S): Debt and health: Preventing 'problem debt' during the pandemic recovery (Health Foundation, 2022) https://www.health.org.uk/sites/default/files/pdf/2022-02/2022%20-%20Debt%20and%20health.pdf The relationship between personal unsecured debt and mental and physical health: A systematic review and meta-analysis (University of Southampton, 2013) https://www.sciencedirect.com/science/article/abs/pii/S0272735813001256?fr=RR-2&ref=pdf_download&rr=81dd9efa3d1bdc39

Mental health

Area: *Health* | Mission: *NHS*

Relationship: *Strong evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Fuels 'status anxiety' across all socioeconomic groups*

Economic disparities tend to amplify concerns about one's social standing and relative status, leading to increased anxiety, stress, and poorer mental health outcomes

Inequality within a society heightens the importance of social status and fuels insecurity about one's position on the socioeconomic ladder. This 'status anxiety' arises as larger disparities make relative economic standing more salient and amplify social comparisons. People in unequal societies face increased social evaluative threats and constant pressure to achieve perceived standards of socioeconomic success. The chronic stress from this pervasive status insecurity can take a significant psychological toll, leading to higher rates of mental health issues like anxiety, depression, and other psychosocial problems. Status anxiety and its damaging impacts on mental wellbeing work across all socioeconomic groups, not just people in poverty.

SOURCE(S): The enemy between us: The psychological and social costs of inequality (University of York, 2017) https://onlinelibrary.wiley.com/doi/abs/10.1002/ejsp.2275

Access to healthcare

Area: *Health* | Mission: *NHS*

Relationship: *Emerging evidence that the wealth gap has a weak impact*

Impact of the wealth gap: *Enables a two-tier health system with huge impacts on life outcomes*

The rapid growth in private medical services in the UK is creating a two-tier health system that undermines NHS services

Large disparities in wealth are creating the conditions for those who have the means to opt out of the NHS, and access faster treatment privately. This exacerbates existing health inequalities between the wealthy and the poor, especially as strains on the NHS lead to increased waiting times and poorer quality care. Furthermore, the rise in private healthcare threatens to erode public support and funding for the NHS over time. Allowing a two-tier system to emerge goes against the clear public preference for the NHS to maintain its founding principles of being 'free at the point of delivery, based on need, funded by general taxation'. If wealthier individuals can rely on private care, they may have less incentive to advocate for the NHS. This could lead to the NHS becoming perceived as a lower-quality service, perpetuating a vicious cycle of underfunding.

SOURCE(S): The state of health and care 2022 (IPPR, 2022) https://www.ippr.org/articles/state-of-health-and-care-2022, Is a two-tier healthcare system inevitable in the UK? (LSE, 2022) https://blogs.lse.ac.uk/politicsandpolicy/is-a-two-tier-healthcare-system-inevitable-in-the-uk/

Access to land

Area: *Housing* | Mission: *Building*

Relationship: *Compelling evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Obstructs action to democratise land ownership*

The extreme concentration of land ownership among a tiny fraction of the population is a unique and long-standing issue in the UK (especially in England)

Around half of the land in England is owned by less than 1% of the population, while only 5% is owned by households. The aristocracy and landed gentry alone own approximately 30% of the land, with corporate structures controlling around 18%. This high concentration of land ownership has major implications. With so few landowners controlling supply, they can demand exorbitant prices from developers, constraining housing supply and leading to unaffordable housing costs that price out many buyers. Moreover, while concentration is a problem, it is a symptom of deeper problem – that land can be held speculatively without any obligation. Land value is created by the community, but at the moment in the UK that value is appropriated by individuals.

SOURCE(S): Who Owns England? (2019) https://whoownsengland.org

Housing market

Area: *Housing* | Mission: *Building*

Relationship: *Moderate evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Exacerbates the housing crisis through opposition to housebuilding*

The UK faces a chronic housing shortage, made worse by affluent homeowners opposing new residential developments

Constraints in housing supply in the UK reflect the disproportionate influence of current homeowners' interests on local planning decisions. Survey data shows that owner-occupiers express greater opposition to local housebuilding than renters. Between 2001 and 2011, housing stock grew significantly less in areas with higher proportions of owner-occupier households. Several long-term trends help to explain our reluctance to address supply issues, including the rise of homeownership as a vehicle for asset-based welfare, increasing financial sector reliance on rising prices, and the growth of local opposition to development. Features of the English planning system, like localised decision-making and fiscal centralisation, exacerbate the influence of homeowner interests.

SOURCE(S): The political economy of housing in England (Institute for Government, 2017)
https://www.tandfonline.com/doi/pdf/10.1080/13563467.2016.1195346?needAccess=true

Home ownership

Area: *Housing* | Mission: *Building*

Relationship: *Compelling evidence that the wealth gap has a very strong impact*

Impact of the wealth gap: *Prevents most young people from home ownership*

Huge growth in house prices and stagnant wages are locking out young people from home ownership, aggravating inter- and intra-generational tensions

Youth (25-34) homeownership peaked at 51% in 1989 but then fell sharply, halving to just 25% by 2016 before recovering slightly to 28% in 2019. This decline has been broad-based across regions, but is particularly steep in London and the south-east, where rates fell by over 30 percentage points between 1989 and 2019. The fall has been most pronounced for young adults on low-to-middle incomes, with homeownership rates more than halving for the poorest two-fifths over the same period. Many young non-homeowners are far from being able to buy, even with government schemes like Help to Buy. Only 4% have sufficient earnings and savings to afford an average home. This increases people's dependence on parental wealth compared to previous generations when it comes to getting onto the property ladder.

SOURCE(S): Hope to buy: The decline of youth home ownership (Resolution Foundation, 2021)
https://www.resolutionfoundation.org/publications/hope-to-buy/

Housing equality

Area: *Housing* | Mission: *Building*

Relationship: *Strong evidence that the wealth gap has a very strong impact*

Impact of the wealth gap: *Allows wealthy to generate more wealth through asset appreciation*

The growth of private landlordism in the UK has exacerbated housing wealth inequality by allowing the wealthy to accumulate additional housing assets

There has been a significant increase in the number of private landlords in the UK in recent decades, from around 558,000 in 1991 to over 2.12 million in 2012. UK household survey data shows that landlords are heavily concentrated among the top deciles of the housing wealth distribution. Over 65% of landlord households were in the top 20% of housing equity holders between 2006 and 2012. Around half of all landlord households in the UK are within the top 10% of the housing wealth distribution, undermining the characterisation of landlords as 'mom and pop' investors leveraging rental income to supplement low wealth. Overall, private landlordism, facilitated by mortgage market changes like buy-to-let loans, represents a significant dimension of further housing wealth concentration among those who are already successful in the housing market.

SOURCE(S): Equity Inequity: Housing Wealth Inequality, Inter and Intra-generational Divergences, and the Rise of Private Landlordism (University of Amsterdam, 2017) [*https://www.tandfonline.com/doi/pdf/10.1080/14036096.2017.1284154?needAccess=true*](https://www.tandfonline.com/doi/pdf/10.1080/14036096.2017.1284154?needAccess=true)

Housing affordability

Area: *Housing* | Mission: *Building*

Relationship: *Compelling evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Increases rates and costs of housing precarity and homelessness*

The UK privileges home ownership over other forms of tenure, fuelling homelessness, housing precarity, and financial instability

Unlike countries like Germany and Austria that maintain a more balanced tenure mix, the UK's focus on homeownership has made housing a source of wealth inequality and financial instability. This UK's homeownership-centric approach has prioritised property wealth accumulation over housing's primary role as shelter. Other tenures that remove housing from private markets have been undermined by policies like Right To Buy and have been systematically underfunded. The social housing sector has shrunk from 5.5 million homes in 1979 to 4.1 million homes in 2022. Meanwhile, demand for more affordable homes has surged, with 1.3 million households stuck in expensive private rentals or temporary accommodation, waiting to access social rent accommodation.

SOURCE(S): Breaking the housing–finance cycle: Macroeconomic policy reforms for more affordable homes (Josh Ryan-Collins, 2024) [*https://journals.sagepub.com/doi/abs/10.1177/0308518X19862811*](https://journals.sagepub.com/doi/abs/10.1177/0308518X19862811)

Birth rates

Area: *Inequalities* | Mission: *Opportunity*

Relationship: *Emerging evidence that the wealth gap has a moderate impact*

Impact of the wealth gap: *Restricts family formation*

Economic constraints and the inability to afford the costs associated with raising children are restricting family formation

A lack of wealth and economic precariousness is restricting people's ability to start families. Individuals with higher wealth levels tend to have greater economic stability and resources to support childbearing. Higher socioeconomic status also provides more flexibility in work schedules, facilitating the reconciliation of employment and parenthood. Additionally, the expectation of improved future socioeconomic status serves as a long-term motivator for fertility. This anticipation cultivates a sense of security and self-confidence, encouraging families to have more children. However, for people with low wealth and economic precariousness, the lack of resources, job instability, and uncertainty about the future can discourage them from having children or lead them to delay childbearing.

SOURCE(S): Uncertainty, Doubts, and Delays: Economic Circumstances and Childbearing Expectations Among Emerging Adults (McGill University, 2017) https://link.springer.com/article/10.1007/s10834-017-9548-1

Racial equality

Area: *Inequalities* | Mission: *Opportunity*

Relationship: *Compelling evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Exacerbates racial wealth gaps*

Wealth disparities between racial groups in the UK are driven by systemic factors, eroding confidence in fairness and inclusivity

All ethnic minority groups in the UK, except those of Indian descent, have considerably less wealth than the White British majority. Individuals from Bangladeshi, Black Caribbean, and Black African backgrounds often have negligible net worth, in stark contrast to the median net worth of £140,000 for White British households. Key factors contributing to these wealth gaps include differences in homeownership rates, levels of debt and levels of investment in high-return financial assets. Wealth disadvantages for ethnic minority groups persist even after accounting for observable characteristics such as age, household composition, income, education. The existence of such disparities is likely contributing to a sense of economic exclusion and discrimination.

SOURCE(S): The scale and drivers of ethnic wealth gaps across the wealth distribution in the UK: evidence from Understanding Society (LSE, 2023) https://eprints.lse.ac.uk/119885/1/III_Working_Paper_97_Karagiannaki.pdf

Gender equality

Area: *Inequalities* | Mission: *Opportunity*

Relationship: *Compelling evidence that the wealth gap has a very strong impact*

Impact of the wealth gap: *Exacerbates gender wealth gaps*

The UK's substantial gender wealth gap hurts the economy and diminishes women's autonomy and decision-making power

The ownership of wealth in the UK is highly gendered. On average men have £92,762 more in total wealth than women, a gap of 35%. This disparity increases with age – after 64, the average gender wealth gap is 42%. Furthermore, the primary source of wealth for men is their private pension, which they own alone, whereas over 50% of women's wealth comes from property and physical assets, which are typically shared with other household members. Multiple factors contribute to this gender wealth gap, such as the unequal distribution of unpaid care work, employment discrimination and lack of access to credit, restricting women's ability to accumulate wealth. Women in the UK are expected to accumulate only 73.3% of the wealth that men have upon retirement (a lower proportion than in many other countries).

SOURCE(S): Why taxation of wealth is a feminist issue: A gendered analysis of wealth in Great Britain (Women's Budget Group, 2023) https://wbg.org.uk/wp-content/uploads/2023/10/Report-WAS-Sept-2023-FINAL-3-10-2023.pdf, 2022 Global Gender Wealth Equity Report (WTW, 2022) https://www.wtwco.com/en-gb/insights/2022/11/2022-global-gender-wealth-equity-report?t

Generational equality

Area: *Inequalities* | Mission: *Opportunity*

Relationship: *Compelling evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Exacerbates intergenerational wealth gaps*

Younger generations in the UK are building up wealth at slower rates than previous generations, exacerbating intergenerational inequality

Older people have more wealth than younger people because people accumulate wealth throughout their lifetime. But there are unprecedentedly large intergenerational inequalities beyond what can be attributed to age differences. Each successive generation in the first half of the 20th century enjoyed greater wealth than their predecessors. However, this trend has reversed for generations following the post-war 'baby boomers', with individuals born in the 1980s possessing only a fraction of the property wealth at age 28 compared to those born in the 1970s. Without intervention this trend is likely to persist and potentially worsen.

SOURCE(S): The generation of wealth: asset accumulation across and within cohorts (Resolution Foundation, 2017) https://www.resolutionfoundation.org/publications/the-generation-of-wealth-asset-accumulation-across-and-within-cohorts/

Rewards for effort

Area: *Inequalities* | Mission: *Opportunity*

Relationship: *Compelling evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Makes inheritance more important than effort*

The UK is fast becoming an inheritocracy, wherein gifts from preceding generations are playing an increasingly important role in determining life outcomes

Intergenerational transfers of assets are surging in the UK. A typical household led by those born in the 1960s is expected to inherit an amount around four years their average annual salary, compared with eight years for those born in the 1980s. Furthermore, this inheritance will be highly unequal, with those with the least wealthy parents getting just a 5% boost to their lifetime income through inheritance, but those with the wealthiest parents getting a 29% boost. This new divide will likely compound existing economic and social disparities by income, race and region, and have a substantial impact on social mobility, homeownership rates and financial security.

SOURCE(S): A new age of inheritance: what does it mean for the UK? (Demos, 2023) https://demos.co.uk/wp-content/uploads/2023/01/inheritance-done-2.pdf

Regional equality

Area: *Inequalities* | Mission: *Opportunity*

Relationship: *Compelling evidence that the wealth gap has a very strong impact*

Impact of the wealth gap: *Exacerbates regional wealth gaps*

Regional divisions in Britain are profound and are likely to get worse

While average wealth per person in England increased from approximately £226,300 in 2010 to £290,800 in 2020, the wealth gap between regions has expanded. In 2020, the wealth disparity per head between the national average and the north was £71,000, a stark increase from the £37,300 gap in 2010. The north-east, in particular, has the lowest levels of overall and average wealth, with its median wealth now lower than it was in 2006 when adjusted for inflation. In contrast, the south-east boasts the highest wealth per personm at £415,200, which is about £195,400 more than the north's £219,750. This gap is projected to grow to approximately £228,800 by the end of the decade if current trends persist. Spatial wealth concentration plays out in public sentiments of 'left behind' places and neglected communities, driving a politics of resentment and discontent.

SOURCE(S): State of the North 2024: Charting the course for a decade of renewal (IPPR, 2024) https://www.ippr.org/articles/state-of-the-north-2024, A wealth of variety: The variation in household wealth across Britain and what it means for policy (Resolution Foundation, 2023) https://www.financialfairness.org.uk/docs?editionId=094beec7-2ccb-4b05-9265-b0ab0071f96a

Social mobility

Area: *Inequalities* | Mission: *Opportunity*

Relationship: *Strong evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Makes it harder to overcome inequalities*

The growth in absolute wealth, and stagnant wages, has created disparities between groups which are no longer recuperable by working hard

For those born in the 1960s, a similar number of those from professional backgrounds ended up in the lowest as the highest wealth decile by age 35-40 - around 16% of those from these privileged backgrounds ended up in the lowest wealth decile. For those from a working class background, a similar number reached the highest wealth decile as the lowest. This suggests that those who acquired the greatest wealth were not especially more likely to come from advantaged backgrounds. However, for those born in the 1980s, very few people from working class backgrounds moved into the highest rungs of the wealth distribution, and few from privileged backgrounds moved into the lowest.

SOURCE(S): Why wealth inequality matters (LSE, 2024) https://www.lse.ac.uk/International-Inequalities/Assets/Documents/Why-wealth-inequality-matters-PRINT97.pdf

Public safety

Area: *Justice* | Mission: *Streets*

Relationship: *Emerging evidence that the wealth gap has a weak impact*

Impact of the wealth gap: *Increases levels of crime*

There is a strong positive correlation between wealth inequality and crime rates across countries

Nations with wider gaps between the rich and poor tend to experience higher levels of criminal activities, particularly property crimes and violent offences. This relationship can be attributed to several factors. Economic deprivation and lack of opportunities may drive individuals from disadvantaged backgrounds towards illegal means of acquiring resources. Moreover, heightened inequality can breed resentment, erode social cohesion, and weaken the moral fabric of society, making criminal behaviour more prevalent. Notably, the link between inequality and crime appears to be stronger for property crimes, as those in dire financial circumstances may resort to theft or robbery to meet their basic needs.

SOURCE(S): Why do inequality and deprivation produce high crime and low trust? (CNRS Paris / Newcastle University, 2021) https://www.nature.com/articles/s41598-020-80897-8

Equality before the law

Area: *Justice* | Mission: *Streets*

Relationship: *Strong evidence that the wealth gap has a moderate impact*

Impact of the wealth gap: *Leads to a two-tier justice system*

Wealthy individuals in the UK face less severe punishments and prosecution for tax evasion and fraud compared to the general population

Prosecutions by HM Revenue and Customs (HMRC) for tax fraud have declined significantly. Since 2017, fewer than 100 wealthy individuals have faced prosecution for tax crimes, leading to a suspicion that HMRC prioritises civil penalties and settlements over criminal prosecutions. Furthermore, the number of civil fraud investigations opened by HMRC against wealthy, corporate, and offshore taxpayers has dropped by over 50% in recent years, from 1,417 cases in 2018-19 to 627 in 2022-23. For every person prosecuted for tax fraud between 2009-2019, 23 people were prosecuted for benefits fraud, despite tax offences costing the public purse nine times more than benefits fraud. The Department for Work and Pensions receives three times more funding than HMRC to tackle fraud.

SOURCE(S): UK authorities criticized for failing to prosecute financial crime enablers and rich tax cheats (ICIJ, 2023) https://www.icij.org/inside-icij/2023/10/uk-authorities-criticized-for-failing-to-prosecute-financial-crime-enablers-and-rich-tax-cheats/?t, Equality before the law? (TaxWatch, 2021) https://www.taxwatchuk.org/tax_crime_vs_benefits_crime/

Career autonomy

Area: *Work* | Mission: *Opportunity*

Relationship: *Strong evidence that the wealth gap has a moderate impact*

Impact of the wealth gap: *Gives people an unequal amount of freedom to choose their career*

Higher levels of wealth provide individuals with greater freedom and choice in the labour market by reducing financial constraints

Those lacking wealth have limited ability to forgo immediate financial needs, forcing them to accept whatever employment opportunities are available. In contrast, wealth affords individuals greater flexibility in their career choices. The wealthy can take calculated risks to pursue more fulfilling paths - such as starting a business, exploring alternative careers, or prioritising non-pecuniary aspects like job satisfaction, autonomy, work-life balance, and meaningful work over pure income maximisation. Consequently, good jobs offering attractive non-wage amenities may become increasingly sorted towards wealthier individuals who can be more selective, potentially exacerbating disparities in overall job quality between wealth groups.

SOURCE(S): Wealth effects on job preferences (German Institute for Economic Research, 2016) https://www.econstor.eu/bitstream/10419/202467/1/Haywood_2016_Wealth-Effects_Postpr%20St.pdf

Fulfilled potential

Area: *Work* | Mission: *Opportunity*

Relationship: *Strong evidence that the wealth gap has a very strong impact*

Impact of the wealth gap: *Blocks career opportunities to some people, leading to wasted talent*

Economic opportunities are hoarded by the wealthy, blocking more talented people from accessing jobs, promotions and resources

The wealthy leverage their financial resources to provide their children with the best education, tutoring, internships, and connections, giving them a substantial head start. This perpetuates a cycle where high-paying jobs and leadership positions are disproportionately occupied by those from affluent families, regardless of merit. The wealthy can afford to take career risks, start businesses, or work unpaid internships, while those without a financial safety net are forced to prioritise immediate income over long-term opportunities. This lack of social mobility stifles innovation and prevents highly skilled individuals from reaching their full potential, ultimately depriving society of their talents and contributions.

SOURCE(S): Family Wealth and the Class Ceiling: The Propulsive Power of The Bank of Mum and Dad (University of Oslo / LSE, 2021) https://journals.sagepub.com/doi/10.1177/0038038520922537

Income equality

Area: *Wealth* | Mission: *Opportunity*

Relationship: *Strong evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Allows the wealthy to extract wealth at the expense of everyone else*

The mechanisms that drive wealth at the top of society simultaneously reduce the life chances and income/wealth share of people at the bottom

Wealth extraction, as opposed to genuine wealth creation, is now endemic in the UK as it was in the Victorian and Edwardian eras. Rather than build companies or introduce new products, mechanisms that extract an excessive share of the gains from existing corporate and financial structures have been widely used by over-empowered elites. These practices not only have profound consequences for economic dynamism and growth, but they also perpetuate a cycle of precarity and disadvantage. Corporate leaders leverage their influence to undermine workers' compensation and job stability. Financial manipulation, including the skimming of trading profits and creative accounting, disproportionately benefits top executives and shareholders. Private equity acquisitions often prioritise short-term gains over long-term company viability and employee wellbeing. Rising corporate profits are used to boost executive rewards rather than for wage increases or productivity enhancements. Combined with anti-egalitarian policies and the diminished influence of orgnanised labour, these mechanisms entrench hardship and poverty.

SOURCE(S): The Richer the Poorer (Stewart Lansley, 2021) https://policy.bristoluniversitypress.co.uk/the-richer-the-poorer

Social cohesion

Area: *Inequalities* | Mission: *Opportunity*

Relationship: *Moderate evidence that the wealth gap has a strong impact*

Impact of the wealth gap: *Undermines trust between people from different backgrounds*

Low asset households in areas with high levels of wealth inequality have reduced social trust, participate less in community activities, and have weaker social networks

Similar to income inequality, large wealth gaps are negatively correlated with the quality of social interactions. Individuals become more wary of those from different economic backgrounds. This breakdown in trust leads to reduced community participation, as people are less likely to engage in civic activities or volunteer when they perceive stark differences in economic status. Social networks also weaken, becoming more segregated along economic lines. Low-asset households are particularly affected, finding it harder to build connections. This isolation can perpetuate inequality by limiting access to opportunities and resources. High levels of wealth disparity create visible lifestyle differences that increase social distance between economic classes. This lack of interaction further reinforces stereotypes and mistrust. Over time, these effects can create a vicious cycle where inequality begets more inequality, as social capital becomes increasingly concentrated among the wealthy.

SOURCE(S): Exploring Social Capital Level in Regions with Large and Increasing Wealth Inequality: Lesson from Seoul, South Korea (Kang et al, 2023)
https://link.springer.com/article/10.1007/s11205-023-03128-3

Solutions

The wealth gap is not inevitable, despite the powerful structural dynamics that encourage it. The government could employ a combination of policy responses to restrict or reverse the drivers of wealth inequality, thereby avoiding the snowballing impacts and risks described elsewhere in this report while building a fairer, more secure and more prosperous society.

Bridging the chasm between those with the most wealth and those with the least requires solutions at both ends of this spectrum. Various barriers act together to make it difficult for those at the bottom of the wealth distribution to build assets, whereas those at the top benefit from favourable tax conditions and preferential investment returns. A new balance needs to be struck so as to reduce the level of wealth inequality in the UK. This has to involve more redistribution from those with more wealth to those with less, but building a more inclusive economy must also involve strategies that share wealth more widely to start with, challenging the extractive processes that redistribute resources upwards.

The institutional context in different countries can significantly influence the extent to which wealth inequality affects people's everyday lives, and the broader functioning of societies. Unlike many continental European countries, the UK has not put in place the guardrails that mitigate the most damaging spillover impacts of wealth inequality. As a result, those who possess a lot of wealth enjoy undue luxury and power, while those who do not are denied decent living standards, financial and physical security and opportunities to progress. There are many ways to reduce the importance of wealth and wealth inequality, such as a stronger social safety net and measures to reduce the influence of the wealthy on the political system, that have worked well elsewhere. Alongside policies to reduce the size of the wealth gap, these would help to reduce its negative impacts on our society, economy, democracy and environment.

This section of the report presents the evidence for 29 solutions to the wealth gap in the UK, examining a range of policy levers that could be used by government either to reduce the size of the wealth gap or to mitigate the impacts outlined elsewhere in the report.

The matrices on the next three pages plot these solutions on two axes:

- *The first plots the strength of the evidence for the impact of the solution (X axis) against the impact of the solution (Y axis)*
- *The second positions the solutions in eight quadrants, with the effect of the solution (reducing or mitigating the wealth gap) along the X axis and the feasibility of the solution on the Y axis*
- *The third positions the solutions in eight quadrants, with the effect of the solution (reducing or mitigating the wealth gap) along the X axis and the feasibility of the solution on the Y axis*

Mapping solutions to the wealth gap by strength of evidence and of impact

Evidence >	Emerging	Moderate	Strong	Compelling
Very strong impact	Extreme wealth line Annual wealth tax		Universal basic income or services Banking reform	Land value tax Inheritance tax
Strong impact	Carbon tax	Media reform	Public wealth funds Community wealth building Social housing Competition	Property taxes Global financial register Infrastructural appraisal Capital gains tax Worker ownership
Moderate impact		Pensions Citizens capital grant Abolish non-doms	Political party funding One-off wealth tax Lobbying Trade unions	Dividend taxes
Weak impact		Mortgages	University admissions Savings	Financial education

Mapping solutions to the wealth gap by feasibility and effect

	Reduces size of the wealth gap	Mitigates impacts of the wealth gap
High feasibility	Infrastructure appraisal Financial education	N/A
Moderate feasibility	Worker ownership Mortgages Capital gains tax Trade unions Competition Land value tax Property taxes Savings Dividend taxes Community wealth building	Lobbying One-off wealth tax University admissions Media reform Abolish non-doms
Low feasibility	Inheritance tax Pensions Public wealth funds Banking reform Citizens capital grant Global financial register Annual wealth tax Extreme wealth line	Carbon tax Social housing Political party funding Universal basic income or services
Very low feasibility	N/A	N/A

Mapping solutions to the wealth gap by stage and focus

	Individualist	Collectivist
Predistribution	Financial education Mortgages Competition Savings Pensions Citizens capital grant University admissions	Infrastructure appraisal Worker ownership Trade unions Community wealth building Public wealth funds Banking reform Lobbying Media reform Social housing Political party funding
Redistribution	Capital gains tax Property taxes Dividend taxes Inheritance tax Global financial register Annual wealth tax One-off wealth tax Carbon tax Universal basic income or services Land value tax	Extreme wealth line Abolish non-doms

Table of wealth gap solutions

Name	Effect	Description	Evidence	Impact	Feasibility
Introduce a land value tax	Reduce size of wealth gap	A land value tax could significantly de-concentrate land ownership and encourage housebuilding	4	4	2.7
Tax dividends and share buybacks	Reduce size of wealth gap	Taxing dividends and share buybacks could encourage companies to reinvest profits more productively	4	2	2.6
Equalise capital gains tax rates with income tax	Reduce size of wealth gap	Equalising capital gains tax with income tax rates would shift the tax burden away from earned income	4	3	3.2
Reform inheritance tax	Reduce size of wealth gap	Increasing thresholds for inheritance tax and making it more consistent across asset types would improve intergenerational wealth mobility	4	4	2.4
Introduce a global financial register and crack down on tax havens	Reduce size of wealth gap	Tracking global wealth would prevent asset concealment	4	3	2.2
Introduce a one-off wealth tax	Mitigate impacts of wealth gap	A one-off wealth tax in the UK would be economically efficient and difficult to avoid, and would raise substantial revenue	3	2	2.6
Introduce an annual wealth tax	Reduce size of wealth gap	An annual wealth tax could help reduce wealth concentration, but would be administratively complex	1	4	1.9
Replace council tax with a proportional property tax	Reduce size of wealth gap	A proportional property tax based on up-to-date property values would be fairer and more progressive, and would boost economic activity	4	3	2.7
Strengthen competition laws	Reduce size of wealth gap	Empowering regulatory bodies could deconcentrate markets and encourage new businesses and start-ups	3	3	2.8

Name	Effect	Description	Evidence	Impact	Feasibility
Reform Treasury infrastructure appraisal methodology	Reduce size of wealth gap	Changing the Treasury's infrastructure appraisal methods would promote a more equitable wealth distribution	4	3	3.8
Simplify savings system	Reduce size of wealth gap	Combining all subsidies into one universal savings account would greatly benefit low- and middle-income households	3	1	2.7
Expand pensions auto-enrolment	Reduce size of wealth gap	Expanding eligibility criteria and increasing minimum contribution rates would enable more workers to build pension wealth	2	2	2.4
Increase availability of low-deposit mortgages	Reduce size of wealth gap	Increasing earnings multiples for mortgage offers could help more young people get on the property ladder	2	1	3.3
Improve financial education	Reduce size of wealth gap	Improving financial education in the UK would help reduce socioeconomic disparities in financial capability and knowledge	4	1	3.7
Introduce a citizens capital grant	Reduce size of wealth gap	A citizens capital grant would help young people to take risks, start businesses, and invest for long-term gains	2	2	2.2
Encourage worker ownership	Reduce size of wealth gap	Encouraging employee-owned business and/or ownership funds would promote a more even distribution of economic gains across the economy	4	3	3.4
Limit university places for private schools	Mitigate impacts of wealth gap	Restricting the number of privately educated students accepted to universities would likely improve social mobility	3	1	2.6
Introduce public wealth funds	Reduce size of wealth gap	Channelling revenue into public wealth funds would ensure that everyone benefits from economic growth	3	3	2.4
Introduce an extreme wealth line	Reduce size of wealth gap	An extreme wealth line would prevent the super-rich from undermining political equality and redirect surplus wealth to urgent societal needs	1	4	1.7

Name	Effect	Description	Evidence	Impact	Feasibility
Overhaul lobbying regulation	Mitigate impacts of wealth gap	More transparency and regulations would limit the influence of companies and wealth individuals on politics and policy decisions	3	2	3.3
Promote community wealth building	Reduce size of wealth gap	Sharing and retaining assets within communities would prioritise local people over external corporations	3	3	2.6
Invest significantly in social housing	Mitigate impacts of wealth gap	Investing in social housing would generate substantial economic benefits and improve public health outcomes	3	3	2.2
Introduce a carbon tax	Mitigate impacts of wealth gap	A well-designed carbon tax would increase the cost of carbon-intensive activities	1	3	2.3
Reform the funding of political parties	Mitigate impacts of wealth gap	Expanding state funding could limit the financial dependence of political parties on affluent donors	3	2	1.9
Reform media ownership and boost public broadcasting	Mitigate impacts of wealth gap	Limiting media monopolies and bolstering public broadcasting would restrict the capacity of the ultra-wealthy to influence information flows	2	3	2.6
Introduce a universal basic income or universal basic services	Mitigate impacts of wealth gap	Strengthening the UK's public welfare system would ensure that everyone has access to basic goods and services	3	4	1.6
Strengthen trade unions	Reduce size of wealth gap	Stronger trade unions would empower workers to negotiate more competitive wages while advocating for reasonable compensation for executives	3	2	3.1
Reform the banking system	Reduce size of wealth gap	Structural reforms to the UK's banking system could help make housing more affordable and divert capital to more productive economic activities	3	4	2.4
Abolish non-doms	Mitigate impacts of wealth gap	Abolishing 'non-dom' status would ensure that wealthy non-UK residents are taxed fairly and raise revenue for public services	2	2	3.1

Mapping wealth gap impacts to solutions

The table below shows an illustrative example of how different solutions relate to different impacts.

Name	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
Political engagement																				■				■					
Political priorities																				■				■					
Transparency																				■									
Competition									■																				
Productive enterprise	■				■				■							■		■			■						■		
Skills development														■	■							■				■	■		
Investment	■	■	■					■		■												■						■	
Economic resilience											■	■		■															
Consumer spending	■							■																				■	
State capacity																■		■			■						■		
Infrastructure										■																			
Children's wellbeing						■				■	■		■	■	■											■			
Educational equality						■				■	■		■	■	■						■					■			
Equal life chances						■											■												
Net zero																				■			■						
Environmental protection																				■			■		■				
Tax revenue	■	■	■	■	■	■	■	■																					
Political stability	■	■	■	■	■		■	■	■	■	■					■		■	■		■						■	■	
Societal resilience	■	■	■	■	■		■	■	■	■	■					■		■	■		■						■	■	
Life expectancy						■				■						■		■			■	■				■			
Debt						■								■	■	■		■			■								
Mental health																■		■	■		■				■	■			
Access to healthcare						■																				■			
Access to land	■							■														■						■	
Housing market	■							■														■			■				
Home ownership													■	■	■														
Housing equality	■							■														■						■	

Name	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
Housing affordability						✓							✓									✓						✓	
Birth rates	✓							✓			✓		✓	✓	✓	✓					✓	✓					✓	✓	
Racial equality	✓	✓	✓	✓	✓		✓	✓			✓	✓	✓															✓	
Gender equality	✓	✓	✓	✓	✓		✓	✓			✓	✓	✓															✓	
Generational equality	✓	✓	✓		✓			✓			✓		✓	✓	✓												✓		
Rewards for effort				✓	✓		✓						✓		✓														
Regional equality										✓								✓			✓							✓	
Social mobility											✓	✓	✓	✓	✓	✓											✓		
Public safety						✓				✓	✓	✓	✓	✓	✓	✓					✓	✓				✓	✓		
Equality before the law					✓																								
Career autonomy											✓			✓	✓	✓										✓	✓		
Fulfilled potential																	✓												
Income equality	✓						✓	✓								✓		✓			✓						✓		
Social cohesion	✓							✓			✓		✓	✓	✓						✓								

Key to solutions

#	Name
1	Introduce a land value tax
2	Tax dividends and share buybacks
3	Equalise capital gains tax rates with income tax
4	Reform inheritance tax
5	Introduce a global financial register and crack down on tax havens
6	Introduce a one-off wealth tax
7	Introduce an annual wealth tax
8	Replace council tax with a proportional property tax
9	Strengthen competition laws
10	Reform Treasury infrastructure appraisal methodology
11	Simplify savings system
12	Expand pensions auto-enrolment
13	Increase availability of low-deposit mortgages
14	Improve financial education
15	Introduce a citizens capital grant
16	Encourage worker ownership
17	Limit university places for private schools
18	Introduce public wealth funds
19	Introduce an extreme wealth line
20	Overhaul lobbying regulation
21	Promote community wealth building
22	Invest significantly in social housing
23	Introduce a carbon tax
24	Reform the funding of political parties
25	Reform media ownership and boost public broadcasting
26	Introduce a universal basic income or universal basic services
27	Strengthen trade unions
28	Reform the banking system
29	Abolish the 'non-dom' scheme

Introduce a land value tax

Area(s)	*Housing, economy*
Mission	*Growth*
Type	*Tax*
Effect	*Reduce size of wealth gap*
Stage	*Redistribution*
Focus	*Individualist*
Evidence	*Compelling*
Impact	*Very strong*

Scores	
Feasibility	*2.7*
Affordability	*4*
Ease of implementation	*2*
Average support	*2.0*
Public support	*1*
Political support	*1*
Expert support	*4*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

A land value tax could significantly de-concentrate land ownership and encourage housebuilding

Many landowners hold undeveloped land speculatively, waiting for its value to appreciate. A land value tax would make this practice costly, as owners would have to pay the tax regardless of whether the land is being used productively. This would encourage landowners to either develop their land or sell it to those who will, potentially increasing the supply of land available for housing construction. Large landowners holding extensive undeveloped tracts of land would face particularly high tax burdens, potentially leading to a redistribution of land to smaller owners and developers. By reducing the speculative value of land, the tax could lower land prices, making it more affordable for builders to acquire sites for housing development. A tax of 0.6% annually on the value of land could raise £2.2 billion and would not have the same potential negative impacts as raising taxes on work.

SOURCE(S):

Investigation of Potential Land Value Tax Policy Options for Scotland (Scottish Land Commission, 2018) https://www.landcommission.gov.scot/downloads/5dd6984da0491_Land-Value-Tax-Policy-Options-for-Scotland-Final-Report-23-7-18.pdf

Reeves has the best chance since Lloyd George of reforming property tax (FT, 2024) https://www.ft.com/content/a3ee952d-ff42-47c8-9b34-ee1eed66da3b?mc_cid=22621f8788&mc_eid=89df05d4a2

Tax dividends and share buybacks

Area(s)	*Economy*
Mission	*Growth*
Type	*Tax*
Effect	*Reduce size of wealth gap*
Stage	*Redistribution*
Focus	*Individualist*
Evidence	*Compelling*
Impact	*Moderate*

Scores	
Feasibility	*2.6*
Affordability	*4*
Ease of implementation	*2*
Average support	*1.7*
Public support	*1*
Political support	*2*
Expert support	*2*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Taxing dividends and share buybacks could encourage companies to reinvest profits more productively

While households face a cost-of-living crisis with falling real incomes, many large companies are transferring record profits to shareholders. Dividends and share buybacks (two ways by which public companies return excess profits to investors) reached record levels in 2022, totalling £137 billion. These mechanisms enrich shareholders at the expense of the entire economy, as profits are ploughed into cash transfers rather than productive investments. A 1% tax on share buybacks (like the one implemented by the Biden administration) for FTSE-listed companies could raise £225 million annually. An additional £6 billion per year could be raised if taxes on dividends were levied at the same rate as taxes on income. These higher taxes would not just raise revenue but would also encourage UK businesses, which currently have the lowest levels of investment among G7 countries, to find more productive investments that could have positive spillover effects on innovation, skills and prices.

SOURCE(S):

Buy Back Better: The Case for Raising Taxes on Dividends and Buybacks (Common Wealth, 2022) *https://www.common-wealth.org/publications/buy-back-better-the-case-for-raising-taxes-on-dividends-and-buybacks*

Equalise capital gains tax rates with income tax

Area(s)	*Economy*
Mission	*Opportunity*
Type	*Tax*
Effect	*Reduce size of wealth gap*
Stage	*Redistribution*
Focus	*Individualist*
Evidence	*Compelling*
Impact	*Strong*

Scores	
Feasibility	*3.2*
Affordability	*4*
Ease of implementation	*3*
Average support	*2.7*
Public support	*3*
Political support	*2*
Expert support	*3*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Equalising capital gains tax with income tax rates would shift the tax burden away from earned income

Individuals earning income through employment face significantly higher tax burdens compared to those benefiting from capital gains, creating an unjust disparity in the tax system. This discrepancy not only exacerbates income and wealth inequality but also incentivises tax avoidance strategies among higher-income individuals. By aligning capital gains tax rates with income tax rates, the government could generate an estimated £10 billion in additional annual revenue, which could be used to reduce overall tax burdens or fund essential public services. Moreover, equalising these rates would simplify the tax system, reduce opportunities for tax arbitrage, and ensure that all forms of income are treated equally. This reform would promote a more equitable distribution of the tax burden across different income sources, regions of the UK and socioeconomic groups, ultimately contributing to a fairer and more balanced economy.

SOURCE(S):

The taxation of capital gains: principles, practice, and directions for reform (Advani, 2021)
https://warwick.ac.uk/fac/soc/economics/research/workingpapers/2021/twerp_1379_-_advani.pdf

Play Fair: Equalising the taxation of earned and unearned income (IF, 2023)
https://www.if.org.uk/wp-content/uploads/2023/08/Play_Fair-Equalising_the_taxation_of_earned_and_unearned_income_FINAL.pdf

Reform inheritance tax

Area(s)	*Economy*
Mission	*Opportunity*
Type	*Tax*
Effect	*Reduce size of wealth gap*
Stage	*Redistribution*
Focus	*Individualist*
Evidence	*Compelling*
Impact	*Very strong*

Scores	
Feasibility	*2.4*
Affordability	*3*
Ease of implementation	*2*
Average support	*2.3*
Public support	*1*
Political support	*2*
Expert support	*4*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Increasing thresholds for inheritance tax and making it more consistent across asset types would improve intergenerational wealth mobility

Reliefs for business assets, agricultural property and pensions allow wealthy individuals to pay less tax. Abolishing or capping these exceptions would simplify the system and raise up to £4.5 billion in additional annual revenue. Reforms would make the tax harder to avoid and more consistent across asset types. These changes, however, would only have a modest impact on the wealth distribution, because only 5-6% of deaths result in any inheritance tax being paid. The vast majority of wealth transfers in the UK are untaxed. In order to have a more substantial impact on the wealth distribution, thresholds for inheritance tax would have to be reduced. For instance, France's system has lower thresholds, and is also more progressive (ranging from 5-60%). Implementing something similar in the UK, or something like the 'capital transfer tax' system (in place from 1974 to 1986), wherein rates would vary from 40% to 60% for wealth over £796,000, would raise an estimated £31 billion annually and would significantly redistribute wealth away from the wealthiest fifth of the population.

SOURCE(S):

Reforming Inheritance Tax (IFS, 2023)
https://ifs.org.uk/publications/reforming-inheritance-tax

Introduce a global financial register and crack down on tax havens

Area(s)	*Economy*
Mission	*Growth*
Type	*Tax / Regulation*
Effect	*Reduce size of wealth gap*
Stage	*Redistribution*
Focus	*Individualist*
Evidence	*Compelling*
Impact	*Strong*

Scores	
Feasibility	*2.2*
Affordability	*2*
Ease of implementation	*1*
Average support	*3.7*
Public support	*4*
Political support	*3*
Expert support	*4*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Tracking global wealth would prevent asset concealment

Approximately 16-17% of UK household wealth is held offshore, significantly higher than the global average of 9.8%. The wealthiest 0.01% of UK households hold an even larger proportion of their assets offshore (30-40%). When these offshore assets are considered, the UK's wealth inequality appears more pronounced than previously indicated by tax data alone. Estimates suggest that including offshore wealth increases the wealth share of the UK's top 0.01% from approximately 4% to 7%. Addressing this issue requires enhanced transparency, international collaboration, and economic pressure on tax havens. Establishing a global financial register would enable national tax administrations to more effectively track and tax capital income flows and wealth stocks. Implementing automatic information exchanges between banks in tax havens and foreign tax authorities would help reduce financial secrecy. For tax havens that refuse to cooperate, imposing tariffs on their goods could serve as a deterrent.

SOURCE(S):

Who owns the wealth in tax havens? Macro evidence and implications for global inequality (Zucman, 2018)
https://gabriel-zucman.eu/files/AJZ2018.pdf

Introduce a one-off wealth tax

Area(s)	*Economy*
Mission	*Opportunity*
Type	*Tax*
Effect	*Mitigate impacts of wealth gap*
Stage	*Redistribution*
Focus	*Individualist*
Evidence	*Strong*
Impact	*Moderate*

Scores	
Feasibility	*2.6*
Affordability	*4*
Ease of implementation	*2*
Average support	*1.7*
Public support	*2*
Political support	*1*
Expert support	*2*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

A one-off wealth tax in the UK would be economically efficient and difficult to avoid, and would raise substantial revenue

A 5% tax on individual wealth over £500,000 could raise £260 billion, or £80 billion at a 5% rate over £2 million, payable at 1% per year over five years. Unlike recurring wealth taxes, a one-off tax would be highly efficient, as it would not distort future behaviour if credibly presented as a one-time measure in response to a compelling justification (such as a national crisis). The tax would be difficult to avoid if implemented with a backwards-looking residence test and comprehensive asset base. Where there are liquidity constraints, taxpayers would be allowed to defer payments in limited circumstances. While the tax would raise more from wealthier individuals, its one-off nature means that it would not actively reduce wealth concentration over time. However, it could help to offset the impact of rising inequality by providing more revenue for public services.

SOURCE(S):

LSE Wealth Tax Commission: A Wealth Tax for the UK (LSE, 2020)
https://www.lse.ac.uk/International-Inequalities/Assets/Documents/OLDWealthTaxCommission-Final-reportold.pdf

Introduce an annual wealth tax

Area(s)	*Economy*
Mission	*Opportunity*
Type	*Tax*
Effect	*Reduce size of wealth gap*
Stage	*Redistribution*
Focus	*Individualist*
Evidence	*Emerging*
Impact	*Very strong*

Scores	
Feasibility	*1.9*
Affordability	*3*
Ease of implementation	*1*
Average support	*1.7*
Public support	*2*
Political support	*1*
Expert support	*2*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

An annual wealth tax could help reduce wealth concentration, but would be administratively complex

An annual progressive wealth tax applied at a marginal rate of 1% on wealth above £3.4 million, 5% above £5.7 million, and 10% above £18.2 million, would target the wealthiest 1% of households and permanently restrict wealth concentration. The bottom 99% would not pay any additional tax. To prevent avoidance through asset shifting, the tax would apply to all assets including property, pensions, financial and physical wealth. Taxing at the household level would prevent fragmentation of wealth between family members. A high threshold and limited exemptions and reliefs would address issues that led to the failure of wealth taxes in other countries, such as a narrowing tax base that mostly benefited the wealthiest. Building on these experiences, the tax could potentially generate substantial revenue - an estimated £70-130 billion annually after accounting for evasion and administration costs, representing 9-16% of total UK tax revenues. However, unlike a one-off wealth tax, an annual wealth tax could lead to economic inefficiencies such as a reduction in business investment. Others have proposed an annual wealth tax at different levels, such as 2% on wealth above £10 million, which would affect just 0.04% of the UK population.

SOURCE(S):

The case for a progressive annual wealth tax in the UK (Tippett, 2021)
https://gala.gre.ac.uk/id/eprint/33819/20/33819%20TIPPET_The_Case_for_a_Progressive_Annual_Wealth_Tax_%282021%29_v2.pdf

Replace council tax with a proportional property tax

Area(s)	*Housing, economy*
Mission	*Growth*
Type	*Tax*
Effect	*Reduce size of wealth gap*
Stage	*Redistribution*
Focus	*Individualist*
Evidence	*Compelling*
Impact	*Strong*

Scores	
Feasibility	*2.7*
Affordability	*3*
Ease of implementation	*2*
Average support	*3.0*
Public support	*2*
Political support	*3*
Expert support	*4*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

A proportional property tax based on up-to-date property values would be fairer and more progressive, and would boost economic activity

The UK council tax system is based on outdated property valuations from 1991. This mean that houses in areas where values have increased significantly, such as London and the south-east, are often under-taxed, while those in areas with less growth have been over-taxed. Moreover, council tax was designed to be regressive with respect to property values from its inception, even before accounting for subsequent changes in property values. The most valuable properties (Band H) attract just three times as much tax as the least valuable properties (Band A), despite being worth at least eight times as much in 1991. Revaluation and reform are needed to make the system fairer, with those owning higher value properties paying a larger share. A proportional property tax would be levied as a percentage of a property's value every year, rather than being based on 'bands'. Under this system, more expensive houses would pay more tax than at present, and less expensive houses would pay less tax, helping to address wealth inequality and boosting the spending power of lower-income families. This reform would potentially reduce regional inequality, but only if there was additional redistribution at the national level, since at present council tax revenues are fully retained by local authorities.

SOURCE(S):

Pulling down the ladder: The case for a proportional property tax (IPPR, 2021)
https://www.ippr.org/articles/pulling-down-the-ladder

Revaluation and reform: bringing council tax in England into the 21st century (IFS, 2020)
https://ifs.org.uk/publications/revaluation-and-reform-bringing-council-tax-england-21st-century

Strengthen competition laws

Area(s)	*Economy*
Mission	*Growth*
Type	*Regulation*
Effect	*Reduce size of wealth gap*
Stage	*Predistribution*
Focus	*Individualist*
Evidence	*Strong*
Impact	*Strong*

Scores	
Feasibility	*2.8*
Affordability	*4*
Ease of implementation	*2*
Average support	*2.3*
Public support	*2*
Political support	*2*
Expert support	*3*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Empowering regulatory bodies could deconcentrate markets and encourage new businesses and start-ups

With fewer impediments to economic competition, the assumption is that there will be a more equal distribution of wealth and income. Unfortunately, the UK's markets are highly concentrated, with its competition regime lagging behind those of Germany, France, and Australia. To address this, several recommendations have been proposed to strengthen the UK's competition framework. These include enhancing the Competition and Markets Authority's powers to act faster and more decisively on competition issues, and establishing a Digital Markets Unit within it to tackle challenges posed by tech giants in digital markets. Given the global nature of digital markets, international cooperation, particularly with US agencies, is crucial, as are updated merger policies that better account for future technological innovations. Additional suggestions involve creating local County Competition Courts for efficient complaint handling, and bolstering resources for Local Authority Trading Standard teams. Creating a more agile, responsive, and effective competition regime would promote fair competition and better protect consumers in an economic environment dominated by large corporations.

SOURCE(S):

The UK competition regime (HoC, 2021)
https://researchbriefings.files.parliament.uk/documents/SN04814/SN04814.pdf

Reform Treasury infrastructure appraisal methodology

Area(s)	*Economy*
Mission	*Opportunity*
Type	*Regulation / Investment*
Effect	*Reduce size of wealth gap*
Stage	*Predistribution*
Focus	*Collectivist*
Evidence	*Compelling*
Impact	*Strong*

Scores	
Feasibility	*3.8*
Affordability	*4*
Ease of implementation	*4*
Average support	*3.3*
Public support	*3*
Political support	*3*
Expert support	*4*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Changing the Treasury's infrastructure appraisal methods would promote a more equitable wealth distribution

The cost-benefit analysis methodology for appraising UK infrastructure investments tends to reinforce regional economic disparities by favouring projects in already-productive areas, particularly London. The use of current market prices and a focus on short-term efficiency in calculations creates a 'Matthew Effect', whereby further investment flows to already-wealthy regions. A more strategic approach that considers long-term economic development potential and incorporates local knowledge would allow for investment in less productive regions that could unlock future growth, even if the current methodology doesn't justify it. By moving away from a purely efficiency-based framework and towards one that explicitly considers spatial economic rebalancing as a policy goal, infrastructure investment could be leveraged more effectively to reduce regional wealth disparities.

SOURCE(S):

The Imperial Treasury: appraisal methodology and regional economic performance in the UK (Coyle, 2018) *https://www.bennettinstitute.cam.ac.uk/publications/imperial-treasury-appraisal-methodology-and-region/*

Simplify savings system

Area(s)	*Economy*
Mission	*Opportunity*
Type	*Regulation / Subsidy*
Effect	*Reduce size of wealth gap*
Stage	*Predistribution*
Focus	*Individualist*
Evidence	*Strong*
Impact	*Weak*

Scores	
Feasibility	*2.7*
Affordability	*3*
Ease of implementation	*3*
Average support	*2.0*
Public support	*2*
Political support	*2*
Expert support	*2*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Combining all subsidies into one universal savings account would greatly benefit low- and middle-income households

The UK has had the lowest savings rate of any advanced economy. Currently, over 15 million people have no savings at all. Government schemes to support and encourage saving is beset by complexity and unequal treatment. The Lifetime Individual Savings Account, Help to Save and the Individual Savings Account are disconnected, poorly targeted and too small in scale to achieve a significant broadening in the distribution of household savings. A fairer, more universal system would ensure that everyone has the opportunity to save and secure their financial wellbeing. The National Endowment and Savings Trust pilot involved automatically opening a 'sidecar' savings account attached to auto-enrolment pensions. Individuals could choose how much they wanted to save, and this was then deducted from their salary. Expanding this, alongside combining all subsidies into one universal savings account, would make it much easier for individuals to build financial assets.

SOURCE(S):

Sidecar savings tools could address two of the biggest financial challenges facing UK households, says Nest Insight (Nest Insight, 2023)
https://www.nestinsight.org.uk/sidecar-savings-tools-could-address-two-of-the-biggest-financial-challenges-facing-uk-households-says-nest-insight/

Expand pensions auto-enrolment

Area(s)	*Social security, economy*
Mission	*Opportunity*
Type	*Regulation / Subsidy*
Effect	*Reduce size of wealth gap*
Stage	*Predistribution*
Focus	*Individualist*
Evidence	*Moderate*
Impact	*Moderate*

Scores	
Feasibility	*2.4*
Affordability	*3*
Ease of implementation	*2*
Average support	*2.3*
Public support	*3*
Political support	*2*
Expert support	*2*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Expanding eligibility criteria and increasing minimum contribution rates would enable more workers to build pension wealth

Auto enrolment in the UK pension system has significantly boosted wealth accumulation for millions of workers. Since its introduction in 2012, the policy has increased the total annual workplace pension contributions of private sector eligible employees from £41.5 billion to £62.3 billion in 2021, enabling more people to build substantial retirement savings and improve their long-term financial security. However, not everyone is able to access the scheme – it doesn't cover the self-employed or people who earn too little to qualify for an auto-enrolment account. Moreover, the current savings rate of 8% is not enough to safeguard against poverty in retirement. Increasing the savings rate and including more people into auto-enrolment would be expensive, but could be offset by capping income tax relief on pension contributions at the basic rate of tax and reducing the limit for tax-free lump sum withdrawals from £250,000 to £100,000.

SOURCE(S):

A blueprint for a better tax treatment of pensions (IFS, 2023)
https://ifs.org.uk/publications/blueprint-better-tax-treatment-pensions

Increase availability of low-deposit mortgages

Area(s)	*Housing, economy*
Mission	*Opportunity*
Type	*Regulation / Subsidy*
Effect	*Reduce size of wealth gap*
Stage	*Predistribution*
Focus	*Individualist*
Evidence	*Moderate*
Impact	*Weak*

Scores	
Feasibility	*3.3*
Affordability	*4*
Ease of implementation	*3*
Average support	*3.0*
Public support	*3*
Political support	*3*
Expert support	*3*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Increasing earnings multiples for mortgage offers could help more young people get on the property ladder

Only 4% of young non-homeowning family units in the UK have both the required earnings and savings to buy a house. On average, first-time buyers are £10,000 short of the amount needed for a deposit. 95% mortgages allow buyers to purchase a home with just a 5% deposit, which can make homeownership more accessible for those struggling to save a large down payment. The UK government's Mortgage Guarantee Scheme, launched in 2021 and extended to 2025, has helped increase the availability of these low-deposit mortgages by providing lenders with a government guarantee against some losses. Increasing the income multiples that mortgage lenders use to calculate maximum loan amounts would also help by allowing buyers to borrow more relative to their earnings. While 4 to 4.5 times annual income was traditionally common, some lenders now offer up to 5.5 or even 6 times income for some high-earning applicants.

SOURCE(S):

Bringing It Home: Raising Home Ownership by Reforming Mortgage Finance (TBI, 2022) *https://institute.global/insights/economic-prosperity/bringing-it-home-raising-home-ownership-reforming-mortgage-finance*

Improve financial education

Area(s)	*Education, economy*
Mission	*Opportunity*
Type	*Investment*
Effect	*Reduce size of wealth gap*
Stage	*Predistribution*
Focus	*Individualist*
Evidence	*Compelling*
Impact	*Weak*

Scores	
Feasibility	*3.7*
Affordability	*4*
Ease of implementation	*3*
Average support	*4.0*
Public support	*4*
Political support	*4*
Expert support	*4*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Improving financial education in the UK would help reduce socioeconomic disparities in financial capability and knowledge

Financial literacy in the UK is alarmingly low, with only 47% of adults demonstrating adequate financial knowledge, significantly below the OECD average of 62%. This lack of financial literacy has far-reaching consequences, affecting individuals' ability to make sound financial decisions and avoid problem debt and gambling. Financial attitudes and behaviours are formed as early as the age of seven, but only 1% of teachers believe that their students have adequate financial skills. Financial education is already included in the secondary school curriculum in England, but it is not taught at primary level. Making financial education a statutory requirement in primary schools, as well as integrating it across multiple subjects, would drastically improve financial literacy rates. Simply adding financial education to the curriculum is not enough, however; teachers also need to be supported with more investment in quality-assured training programmes and resources.

SOURCE(S):

Investing in the future: The case for universal financial education in the UK (SMF, 2024)
https://www.smf.co.uk/publications/investing-in-the-future/

Introduce a citizens capital grant

Area(s)	*Social security, economy*
Mission	*Growth*
Type	*Investment*
Effect	*Reduce size of wealth gap*
Stage	*Predistribution*
Focus	*Individualist*
Evidence	*Moderate*
Impact	*Moderate*

Scores	
Feasibility	*2.2*
Affordability	*2*
Ease of implementation	*3*
Average support	*1.7*
Public support	*2*
Political support	*1*
Expert support	*2*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

A citizens capital grant would help young people to take risks, start businesses, and invest for long-term gains

Unlike older generations, young people are increasingly finding it much more difficult to buy a house, start a business or build up a decent pension. A £10,000 grant for every young person, receivable at the age of 25 or 30, would help bridge this gap by providing financial support at a critical stage in their lives, enabling them to invest in education, housing, pensions or business ventures. The grant could double the net wealth of over half of young adults and improve regional inequality, particularly benefiting those outside the affluent south-east. It would cost £7-8 billion per year, and could be funded through reforms to inheritance and capital gains taxes to ensure that it is equitable and sustainable. By providing young people with a financial cushion, the grant would encourage entrepreneurship, which would stimulate growth. Unlike relying on inheritance, which often comes too late and reinforces existing inequalities, this policy would provide timely support to all young people, regardless of family background, promoting greater economic opportunity and mobility.

SOURCE(S):

Passing on Widely: The case for a citizen capital grant (Bright Blue, 2024)
https://www.brightblue.org.uk/wp-content/uploads/2024/03/BB-Essay-Collection-March2024_PRF08-Interactive.pdf

Encourage worker ownership

Area(s)	*Work, economy*
Mission	*Growth*
Type	*Regulation*
Effect	*Reduce size of wealth gap*
Stage	*Predistribution*
Focus	*Collectivist*
Evidence	*Compelling*
Impact	*Strong*

Scores	
Feasibility	*3.4*
Affordability	*4*
Ease of implementation	*3*
Average support	*3.3*
Public support	*3*
Political support	*3*
Expert support	*4*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Encouraging employee-owned business and/or ownership funds would promote a more even distribution of economic gains across the economy

The increasing dominance of institutional investors and concentrated ownership, combined with the assertion of shareholder supremacy, has transformed UK corporate behaviour. Record profits have come at the expense of increasing real wages and investment. Promoting worker ownership models would ensure that profits directly accrue to workers rather than being extracted by outside investors. Employee ownership is one of the fastest growing UK business models. Supporting this sector would help address wealth concentration. While not a form of ownership, profit sharing schemes have a similar effect. French companies with more than 50 employees that record total profits of more than 5% of the value of the company are mandated to sharing an agreed portion of their profits with their employees. A similar UK ‘inclusive ownership fund’ requiring companies with over 250 employees to pay up to 10% of dividend payments could generate £6 billion annually for workers at these companies.

SOURCE(S):

Democratic Ownership Funds: Creating Shared Wealth and Power (Common Wealth, 2019)
https://www.common-wealth.org/publications/democratic-ownership-funds-creating-shared-wealth-and-power

Limit university places for private schools

Area(s)	*Education*
Mission	*Opportunity*
Type	*Regulation*
Effect	*Mitigate impacts of wealth gap*
Stage	*Predistribution*
Focus	*Individualist*
Evidence	*Strong*
Impact	*Weak*

Scores	
Feasibility	*2.6*
Affordability	*3*
Ease of implementation	*3*
Average support	*1.7*
Public support	*1*
Political support	*1*
Expert support	*3*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Restricting the number of privately educated students accepted to universities would likely improve social mobility

Removing tax exemptions from private schools in the UK, primarily by imposing VAT on school fees, could raise about £1.6 billion in additional tax revenue every year. While it may lead to a small reduction in private school attendance (estimated at 3-7%), the overall impact on educational inequality is likely to be limited. The policy would allow for a modest 2% increase in state school funding, potentially targeted at disadvantaged students. However, the evidence suggests that the demand for private schooling is relatively inelastic and often driven by factors beyond just financial considerations. While the policy may generate additional revenue for state education, it is unlikely to significantly reduce the ability of wealthy parents to provide better educational opportunities for their children. An alternative way of reducing educational inequalities and improving social mobility would be a quota system for university admission. If the proportion of private school students accepted to prestigious universities was progressively reduced to 7% - the proportion of students that attend private school – this might deter parents from sending their children to private school and could potentially benefit the state school system.

SOURCE(S):

Tax, private school fees and state school spending (IFS, 2023)
https://ifs.org.uk/publications/tax-private-school-fees-and-state-school-spending

Born To Rule (Friedman et al, 2024)
https://www.hup.harvard.edu/books/9780674257719

Introduce public wealth funds

Area(s)	*Economy*
Mission	*Opportunity*
Type	*Investment*
Effect	*Reduce size of wealth gap*
Stage	*Predistribution*
Focus	*Collectivist*
Evidence	*Strong*
Impact	*Strong*

Scores	
Feasibility	*2.4*
Affordability	*2*
Ease of implementation	*2*
Average support	*3.3*
Public support	*3*
Political support	*3*
Expert support	*4*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Channelling revenue into public wealth funds would ensure that everyone benefits from economic growth

As capital incomes are a major driver of inequality, collectively owned capital can serve as a counterweight to concentrated private capital ownership, ensuring that the proceeds of economic activity are shared more broadly across society. By socialising wealth, public (or social) wealth funds would prevent the enrichment of the few via mechanisms that extract an excessive share of the gains from existing corporate and financial wealth and from the creation of new wealth. They are structured as independent entities, with professional management and robust governance mechanisms to shield them from political interference, allowing for long-term strategic development of assets. If properly implemented, they could help stimulate growth in declining regions, accelerate our response to climate change, and invest in new, ground-breaking technology. These funds are now commonplace around the world. Singapore established a fund in 1974 that now exceeds half of the country's GDP and consistently outperforms private sector returns. Alaska maintains a fund that pays an annual dividend to citizens, directly sharing the benefits of public wealth, while Norway manages a fund that supports and maintains its generous welfare system.

SOURCE(S):

Public wealth funds: Supporting economic recovery and sustainable growth (Detter et al, 2020)
https://www.ucl.ac.uk/bartlett/public-purpose/publications/2020/nov/public-wealth-funds-supporting-economic-recovery-and-sustainable-growth-0

Introduce an extreme wealth line

Area(s)	*Economy*
Mission	*Opportunity*
Type	*Tax/regulation*
Effect	*Reduce size of wealth gap*
Stage	*Redistribution*
Focus	*Collectivist*
Evidence	*Emerging*
Impact	*Very strong*

Scores	
Feasibility	*1.7*
Affordability	*3*
Ease of implementation	*1*
Average support	*1.0*
Public support	*1*
Political support	*1*
Expert support	*1*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

An extreme wealth line would prevent the super-rich from undermining political equality and redirect surplus wealth to urgent societal needs

The rationale behind an extreme wealth line is twofold: first, extreme wealth can undermine political equality by allowing the super-rich to exert disproportionate influence on political processes; second, the surplus wealth of the super-rich could be better utilised to address urgent unmet needs and global collective problems, such as climate change. The concept of a extreme wealth line is analogous to the poverty line - that there is a level of wealth that no one should hold. Determining the level of wealth at which this line is set involves complex considerations of what constitutes a fully flourishing life and how much wealth is necessary to achieve it, which is likely to vary from country to country. Implementing an extreme wealth line, also known as limitarianism, would require robust mechanisms for wealth redistribution, such as progressive taxation and closing loopholes for tax evasion. Empirical research indicates that a significant portion of the population supports the idea that there is a point at which additional wealth does not contribute to wellbeing. However, there is less consensus on whether the government should impose limits on wealth.

SOURCE(S):

What, if Anything, is Wrong with Extreme Wealth? (Robeyns, 2019)
https://www.tandfonline.com/doi/full/10.1080/19452829.2019.1633734

Overhaul lobbying regulation

Area(s)	*Democracy*
Mission	*Opportunity*
Type	*Regulation*
Effect	*Mitigate impacts of wealth gap*
Stage	*Predistribution*
Focus	*Collectivist*
Evidence	*Strong*
Impact	*Moderate*

Scores	
Feasibility	*3.3*
Affordability	*4*
Ease of implementation	*3*
Average support	*3.0*
Public support	*3*
Political support	*2*
Expert support	*4*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

More transparency and regulations would limit the influence of companies and wealth individuals on politics and policy decisions

The UK has one of the most poorly regulated and opaque lobbying systems in the world. Despite efforts to reform the system, the Westminster tradition of self-regulation is still deeply ingrained, leaving the system exposed to undue influence. Statutory regulation was introduced in 2014, which operates in conjunction with Codes of Conduct for Members of Parliament, Ministers, and civil servants, but this is insufficient. The current system's scope should be expanded to cover all types of lobbyists, including in-house advocacy specialists and consultant lobbyists. Transparency should be increased by centralising lobbying data in an accessible, comprehensive database that provides a full picture of lobbying activities and decision-making processes. Accountability and sanctions need strengthening, with clearer and more powerful enforcement mechanisms overseen by an independent agency. Establishing an Ethics and Integrity Commission with statutory powers to investigate and punish misconduct would help consolidate oversight. Stronger deterrents, such as bans on certain lobbying activities and meaningful financial penalties, should be implemented. Taken together, these measures would bring the UK more in line with international standards.

SOURCE(S):

Cleaning Up UK Politics: What Would Better Lobbying Regulation Look Like? (Crepaz et al, 2023)
https://academic.oup.com/pa/article/77/3/435/7424527

Promote community wealth building

Area(s)	*Housing, economy*
Mission	*Opportunity*
Type	*Regulation / Investment*
Effect	*Reduce size of wealth gap*
Stage	*Predistribution*
Focus	*Collectivist*
Evidence	*Strong*
Impact	*Strong*

Scores	
Feasibility	*2.6*
Affordability	*3*
Ease of implementation	*2*
Average support	*2.7*
Public support	*3*
Political support	*2*
Expert support	*3*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Sharing and retaining assets within communities would prioritise local people over external corporations

Traditional local development strategies often rely on tax incentives, outsourcing, and public-private partnerships to stimulate economic growth, yet this approach frequently fails to generate sustainable local prosperity. The wealth created tends to be funnelled to distant shareholders or reinvested elsewhere, rather than circulating within the community. Community wealth building offers a set of tools designed to end this pattern of extraction and foster local economic resilience. These include community land trusts, which are nonprofit organisations that acquire and manage land to preserve long-term affordability and community control; anchor institution strategies that harness the purchasing power of large local entities to support local businesses and create job opportunities; municipal and cooperative enterprises that operate for community benefit rather than private profit; and public and community banking institutions. By embracing these models, community wealth-building prioritises local people over the interests of external corporations.

SOURCE(S):

The Case for Community Wealth Building (Guinan et al, 2019)
https://www.wiley.com/en-us/The+Case+for+Community+Wealth+Building-p-9781509539031

Invest significantly in social housing

Area(s)	*Housing*
Mission	*Opportunity*
Type	*Investment*
Effect	*Mitigate impacts of wealth gap*
Stage	*Predistribution*
Focus	*Collectivist*
Evidence	*Strong*
Impact	*Strong*

Scores	
Feasibility	*2.2*
Affordability	*2*
Ease of implementation	*2*
Average support	*2.7*
Public support	*3*
Political support	*2*
Expert support	*3*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Investing in social housing would generate substantial economic benefits and improve public health outcomes

The decline of social housing in England has been significant and persistent over the past few decades, with local authorities and housing associations providing 5.5 million homes to let in 1979 compared to 4.1 million in 2022. This reduction has been driven by various factors, including policy shifts such as the introduction of Right to Buy in 1980, restrictions on local authorities' powers to build and manage social housing, and a dramatic drop in social housebuilding from a peak of 150,000 units in 1967 to around 5,000 today. These changes have had significant consequences, including increased homelessness, with over 151,000 children in England currently living in temporary accommodation, a rise in private renting, with its associated higher costs and less security, and growing social housing waiting lists (currently at 1.3 million households). Building 90,000 social rented homes annually could add £51.2 billion to the economy, while providing stable, affordable housing for those in need and generating long-term societal benefits through improved employment, better health outcomes and reduced crime.

SOURCE(S):

The economic impact of building social housing (NHF, 2024)
https://www.housing.org.uk/resources/the-economic-impact-of-building-social-housing/?t&utm_source=perplexity

Introduce a carbon tax

Area(s)	*Environment, economy*
Mission	*Net zero*
Type	*Tax*
Effect	*Mitigate impacts of wealth gap*
Stage	*Redistribution*
Focus	*Individualist*
Evidence	*Emerging*
Impact	*Strong*

Scores	
Feasibility	*2.3*
Affordability	*3*
Ease of implementation	*2*
Average support	*2.0*
Public support	*2*
Political support	*2*
Expert support	*2*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

A well-designed carbon tax would increase the cost of carbon-intensive activities

Strong climate action can simultaneously address environmental goals and promote equity and development objectives. A uniform global carbon tax with per capita revenue redistribution could help meet the 2°C warming target while increasing overall wellbeing, reducing inequality. This policy would drive rapid initial emissions reductions, followed by a gradual decrease to net zero. Wealthy individuals, typically associated with larger carbon footprints, would likely reduce emissions most significantly due to the increased costs imposed by the tax. The substantial revenues generated, when redistributed equally, would disproportionately benefit those at the lower end of the wealth/income spectrum. By visibly and equitably distributing the costs and benefits of climate action, it could enhance political acceptability and foster widespread support for ambitious climate policies. However, many argue that regulation is a better approach to reducing carbon emissions than taxation.

SOURCE(S):

Protecting the poor with a carbon tax and equal per capita dividend (Budolfson et al, 2021)
https://www.nature.com/articles/s41558-021-01228-x

Reform the funding of political parties

Area(s)	*Democracy*
Mission	*Opportunity*
Type	*Regulation / Investment*
Effect	*Mitigate impacts of wealth gap*
Stage	*Predistribution*
Focus	*Collectivist*
Evidence	*Strong*
Impact	*Moderate*

Scores	
Feasibility	*1.9*
Affordability	*2*
Ease of implementation	*2*
Average support	*1.7*
Public support	*2*
Political support	*1*
Expert support	*2*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Expanding state funding could limit the financial dependence of political parties on affluent donors

UK political parties currently rely heavily on large donations from wealthy individuals and corporations, creating an imbalance in political influence. A comprehensive reform of party funding is necessary. Implementing a cap on annual and lifetime donations would significantly limit private money in the system, while improved reporting rules and a public donor register would enhance transparency. State funding alternatives could play a crucial role in reducing reliance on large donors. A Democracy Voucher program could provide each registered voter with vouchers to allocate to eligible candidates, encouraging broader participation. Additionally, the state could match small donations (e.g. under £20) at both local and national levels, incentivising grassroots support. Making small political donations tax-efficient, similar to charitable contributions, could further encourage wider public participation in party funding. These state funding options, combined with a ban on peerages for party donors, would create a more equitable and transparent political funding system, significantly reducing the outsized impact of wealthy donors on the democratic process and ensuring a more representative and accountable political landscape.

SOURCE(S):

Corruption and Political Funding (Commission on Political Power, 2024)
https://commissionpoliticalpower.uk/publications/lmwu6cvkuagzvi4r80yf22j6xfu8b1

Political Party Funding (CSPL, 2011)
https://assets.publishing.service.gov.uk/media/5a7e3c4ae5274a2e87db06c5/13th_Report___Political_party_finance_FINAL_PDF_VERSION_18_11_11.pdf

Reform media ownership and boost public broadcasting

Area(s)	*Democracy*
Mission	*Opportunity*
Type	*Regulation*
Effect	*Mitigate impacts of wealth gap*
Stage	*Predistribution*
Focus	*Collectivist*
Evidence	*Moderate*
Impact	*Strong*

Scores	
Feasibility	*2.6*
Affordability	*2*
Ease of implementation	*3*
Average support	*2.7*
Public support	*2*
Political support	*2*
Expert support	*4*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Limiting media monopolies and bolstering public broadcasting would restrict the capacity of the ultra-wealthy to influence information flows

The UK has one of the most concentrated media markets in the world, with just three companies controlling 90% of national newspaper circulation, and 71% of local media owned by six publishing companies. Dismantling media power concentrations and fostering a more diverse, democratic media ecosystem would restrict billionaire-owned conglomerates from manipulating public discourse and political narratives. Key measures include establishing clear legislative thresholds for media plurality interventions, modernising Ofcom's methods for assessing media influence, and enacting laws to promote fair and independent press regulation. The creation of a British Digital Corporation would serve as a public counterweight to big tech platforms, while imposing public interest obligations on large tech companies would ensure greater accountability. A 2% levy on big tech revenues to fund independent public interest journalism and facilitate community buyouts of local outlets would help reinvigorate local media.

SOURCE(S):

Media Manifesto 2024 (Media Reform Coalition, 2024)
https://www.mediareform.org.uk/wp-content/uploads/2024/07/MRC-Media-Manifesto-2024.pdf

Introduce a universal basic income or universal basic services

Area(s)	*Social security, economy*
Mission	*Opportunity*
Type	*Investment*
Effect	*Mitigate impacts of wealth gap*
Stage	*Redistribution*
Focus	*Individualist*
Evidence	*Strong*
Impact	*Very strong*

Scores	
Feasibility	*1.6*
Affordability	*1*
Ease of implementation	*2*
Average support	*1.7*
Public support	*2*
Political support	*1*
Expert support	*2*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Strengthening the UK's public welfare system would ensure that everyone has access to basic goods and services

Country-specific contexts shape the practical significance of private wealth. In the USA, wealth is more critical for providing security, opportunities, and social status due to weaker welfare provisions and higher inequality. Conversely, Germany's extensive welfare state reduces the reliance on private wealth by offering better social security, public education, and healthcare, thereby diminishing the importance of wealth for individual life chances. The UK's welfare system ranks around the middle among OECD countries in terms of generosity and expenditure. As wealth stratification worsens, a more robust social safety net may be necessary. A combination of universal basic income and universal basic services (shelter, sustenance, health and care, education, local transport, information access, and legal and democracy support) would create a more level playing field, allowing individuals from all economic backgrounds to pursue opportunities and improve their quality of life. This approach not only promotes a more equitable distribution of life chances, but also fosters social cohesion and reduces the political tensions associated with high levels of wealth concentration.

SOURCE(S):

Varieties of wealth: toward a comparative sociology of wealth inequality (Beckert, 2024)
https://academic.oup.com/ser/article/22/2/475/7497086

Strengthen trade unions

Area(s)	*Work, economy*
Mission	*Opportunity*
Type	*Regulation*
Effect	*Reduce size of wealth gap*
Stage	*Predistribution*
Focus	*Collectivist*
Evidence	*Strong*
Impact	*Moderate*

Scores	
Feasibility	*3.1*
Affordability	*4*
Ease of implementation	*3*
Average support	*2.3*
Public support	*2*
Political support	*2*
Expert support	*3*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Stronger trade unions would empower workers to negotiate more competitive wages while advocating for reasonable compensation limits for executives

Union density and collective bargaining coverage remain at historically low levels, with only 22.3% of the UK workforce unionised. Countries with higher rates of collective pay negotiation often experience reduced economic disparities, as collective bargaining is associated with lower levels wealth and income inequality. To address this, the UK could implement sectoral 'fair pay agreements' in industries like social care and hospitality, known for low wages and poor conditions, ensuring better compensation for low-earning workers. Enhancing bargaining power at the lower end of the income spectrum, combined with increased worker representation in corporate boardrooms, could effectively influence pay structures across organisations and would potentially mitigate the rise in wealth concentration among the top 1%, which is attributed to the diminished bargaining power of workers.

SOURCE(S):

The Effect of Labor's Bargaining Power on Wealth Inequality in the UK, USA, And France (Tippet et al, 2022) *https://onlinelibrary.wiley.com/doi/full/10.1111/roiw.12626*

Reform the banking system

Area(s)	*Housing*
Mission	*Growth*
Type	*Regulation*
Effect	*Reduce size of wealth gap*
Stage	*Predistribution*
Focus	*Collectivist*
Evidence	*Strong*
Impact	*Very strong*

Scores	
Feasibility	*2.4*
Affordability	*4*
Ease of implementation	*1*
Average support	*2.3*
Public support	*2*
Political support	*2*
Expert support	*3*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Structural reforms to the UK's banking system could help make housing more affordable and divert capital to more productive economic activities

Banking deregulation and financial innovation have made mortgage lending highly attractive for banks, while fiscal policies have incentivised home ownership. This has led to excessive credit flowing into existing property, driving up prices faster than incomes. Several reforms could break this cycle: structural changes to promote relationship banking over transaction-based lending secured on property; macroprudential regulations to restrict mortgage lending; changes to capital requirements to make business lending more attractive relative to mortgages; reintroduction of credit guidance policies to direct lending towards productive sectors; and the possible reimposition of capital controls to limit foreign property investment. These reforms would reduce speculative property investment and redirect bank lending towards business investment and innovation. However, there are significant political challenges to implementing such reforms, given vested interests in the current system.

SOURCE(S):

Breaking the housing–finance cycle: Macroeconomic policy reforms for more affordable homes (Ryan-Collins, 2019)
https://journals.sagepub.com/doi/abs/10.1177/0308518X19862811

Abolish the 'non-dom' scheme

Area(s)	*Economy*
Mission	*Opportunity*
Type	*Tax*
Effect	*Reduce size of wealth gap*
Stage	*Redistribution*
Focus	*Collectivist*
Evidence	*Moderate*
Impact	*Moderate*

Scores	
Feasibility	*3.1*
Affordability	*4*
Ease of implementation	*2*
Average support	*3.3*
Public support	*4*
Political support	*3*
Expert support	*3*

All scores out of 4. Feasibility is mean of affordability, ease of implementation and average support. Average support is mean of public, political and expert support.

Abolishing the 'non-dom' tax exemption scheme would ensure that wealthy non-UK residents are taxed fairly and raise revenue for public services

The 'non-dom' regime allows wealthy foreign individuals living in the UK to avoid paying UK tax on their overseas income and gains. The Conservatives announced in the 2024 spring budget that the scheme would be scrapped, but left two exemptions in place. Labour committed in their election manifesto to scrapping these exemptions, estimating that this would raise an additional £1bn in the first year on top of the forecast revenue raised by the Conservative plan. The government is reportedly now considering leaving the planned exemptions in place, because of concerns of a 'wealth exodus' that would wipe out any revenue from scrapping them, but a study of behavioural responses to recent changes to the non-dom scheme suggests that the impact of scrapping the scheme would be very small, with about 5% of people affected leaving the country in an average year anyway, which might increase to 10% as a result of changes to the non-dom regime (a very small number of people, who are likely to be those paying the least tax anyway).

SOURCE(S):

Taxation and Migration by the Super-Rich (Advani et al, 2023)
https://docs.iza.org/dp16432.pdf

The UK's 'non-doms': Who are they, what do they do, and where do they live? (Advani et al, 2022)
https://warwick.ac.uk/fac/soc/economics/research/centres/cage/manage/publications/bn36.2022.pdf

Attitudes

What people think about wealth inequality

A literature review and report published by the London School of Economics and Joseph Rowntree Foundation in May 2024 found that public understanding of wealth inequality is 'thin' but nuanced, influenced by individualism, aspiration, and a preference for fair process over equal outcomes:

- There is no shared public understanding of wealth inequality as a social problem.
- Public estimations of levels of economic inequality tend to be inaccurate. People make sense of the world using local references, which are generally more homogenous (and therefore more equal) than national distributions.
- People have an intuitive understanding that the economy is rigged, and that some people don't play by the rules.
- While there is strong public support for some forms and levels of wealth, the public is also aware of its potential harms in certain contexts.
- People aspire to have wealth and understand its value in securing against risk and saving for a better future.
- The public does not demonstrate unconditional support for wealth equality and is often strongly supportive of some degree of wealth inequality.
- Acceptance of inequality is related to how people explain economic outcomes with internal (individual) explanations leading to higher tolerance for inequality and external (structural) factors leading to the reverse. 'System-justifying beliefs', such as meritocracy, tend to make people believe not only that the status quo is fair and legitimate, but that individual agency, rather than the force of political and economic structures, is the primary cause of individuals' economic outcomes at both ends of the spectrum.
- It is easier to raise levels of concern about economic inequality than to convert this concern into commitment to act. Concern about wealth inequality is higher than support for redistribution.
- Information matters, particularly in increasing the salience of inequality as a problem, but narratives are also effective, particularly in supporting moral reasoning linked to redistribution preferences.
- The public tends to be more accepting of inequalities they perceive as legitimate or fair – including wealth inequality – and perceptions of legitimacy and fairness can be shaped by prior beliefs, socioeconomic status and political/ideological views.
- Increased inequality does not straightforwardly increase opposition to inequality.

The review cited some of the recent attitudinal research that has provided new evidence about the complex ways in which people in the UK think about wealth and wealth inequality:

Public understanding of the economy and inequality is 'thin' and is considered to be too low to sustain public debate. The economy is thought of as a container (money in, money out) rather than a system of relationships.

- Public understanding of the economy and inequality, however, is also complex. People are 'simultaneously aware of potential benefits to society as well as harms'.
- The public recognises that not all forms of wealth are financial. They associate having wealth with wellbeing, and they recognise it as a source of security and protection against risk. They aspire to have some. 'Ordinary'

wealth is often understood to be aspirational and associated with positive feelings of security, success and comfort. People 'identify with the wealthy as their imagined (or aspirational) future selves'.

- Current ways of talking about the economy can make people feel fatalistic. The public feels that the system is rigged. When people feel powerless to change something, they can disengage.
- The public has a shared understanding of the difference between being rich and being very rich. But there is no consensus about how much is too much. The public does not in fact judge being very or extremely rich negatively.
- The public sees certain sources of wealth as more or less legitimate. Those more closely linked to perceived effort, like earnings from labour or entrepreneurship, are considered more legitimate than those linked to luck or chance.
- Perceived legitimacy is also influenced by behaviours. The public is generally supportive of even very high levels of wealth ownership, and does not like messaging that vilifies the wealthy. However, if wealth holders fail to demonstrate pro-social or 'cooperative' behaviours (for example, job creation, philanthropy, playing by the same rules as everyone else) then views become harsher.

What people think about the impacts of wealth inequality

How much are people aware of the impacts of wealth inequality on our economy, society, democracy and environment, and how concerned are they about these impacts?

While there is a growing body of research on the public's perceptions of the fairness or legitimacy of wealth inequality, there has been far less attention paid to the public's understanding of the effects of wealth inequality on our society, economy, democracy and environment.

For example, recent shows that people perceive high levels of wealth inequality as undesirable, but wealth accumulation is still aspirational, and is not necessarily seen as contributing to other forms of socio-economic inequality.

There has been very little research into the public's understanding of the causal relationships between wealth inequality and the societal outcomes examined in this report.

For example, while we find evidence to suggest that wealth inequality has a negative effect on the environment, few studies have tested public perceptions of the causal relationship between these two variables.

Of course, people are concerned about these harms independently, as shown for example by evidence of attitudes to the climate crisis and to the cost of living.

To test what people think about the impacts of wealth inequality, we commissioned Focaldata to run a poll with a representative sample of 2,012 people from across the UK in July 2024. We asked the following questions:

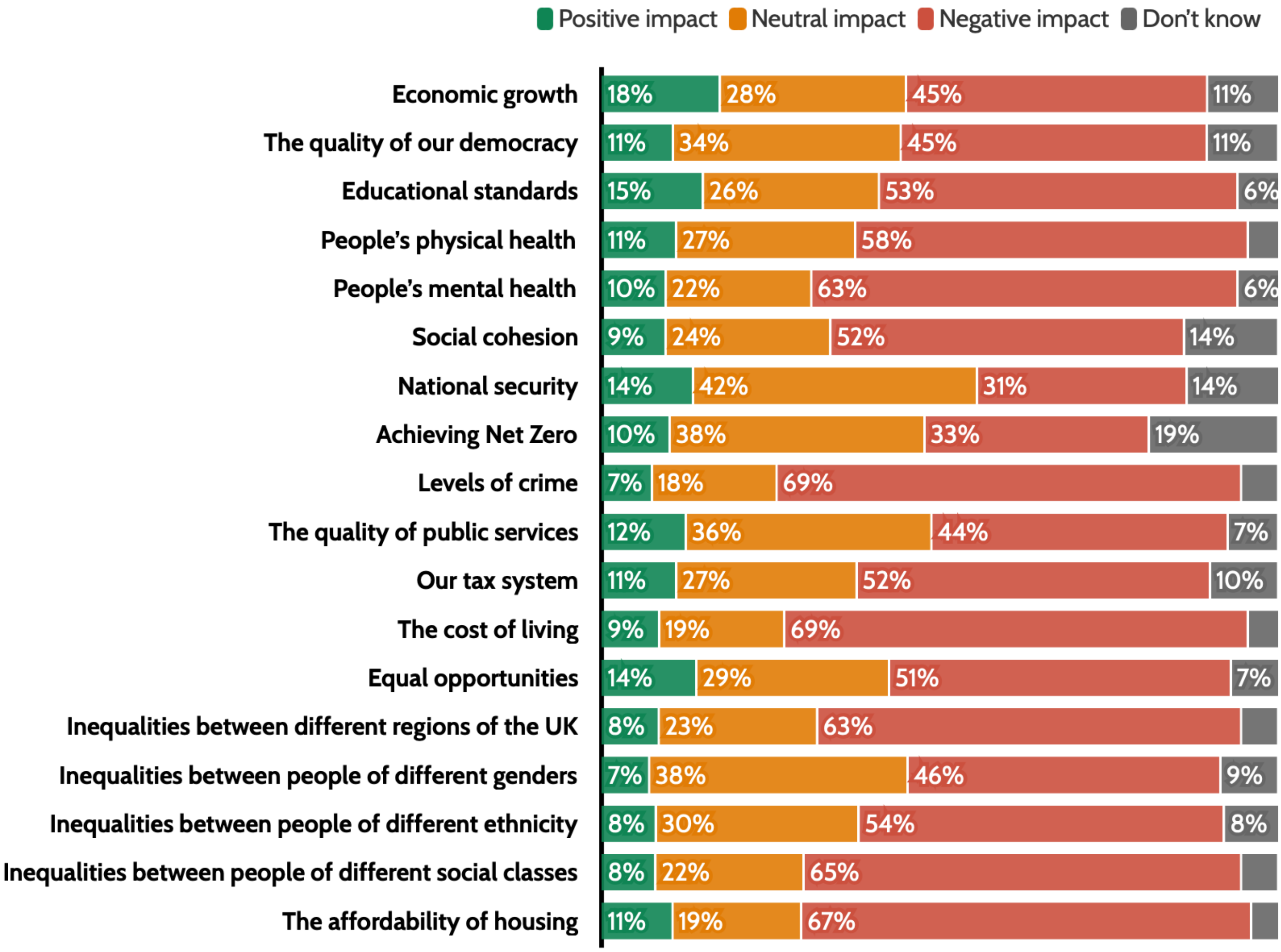
1. Do you think that wealth inequality has a positive, negative or neutral impact on:

   Economic growth
   The quality of our democracy
   Educational standards
   People's physical health
   People's mental health
   Social cohesion National security
   Achieving Net Zero
   Levels of crime
   The quality of public services
   Our tax system
   The cost of living
   Equal opportunities
   Inequalities between different regions of the UK
   Inequalities between people of different genders
   Inequalities between people of different ethnicity
   Inequalities between people of different classes
   The affordability of housing

2. How worried (or not) are you about wealth inequality in principle, regardless of its impacts on other areas of life?
3. When you think about the negative impacts of wealth inequality, what makes you more concerned - wealth inequality in principle, or the observable effects of wealth inequality on society?

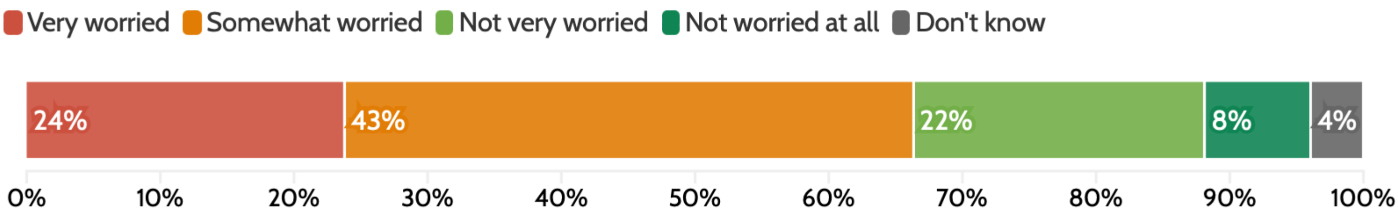
We found that the strongest views about the negative impacts of wealth inequality were associated with more 'obvious' issues such as crime, the cost of living, housing, mental and physical health, and some other forms of inequality, but that there was much lower awareness of deeper impacts on public services, the economy, democracy and action on net zero (mirroring the findings of previous research on attitudes to the impacts of inequalities more broadly). Political beliefs had a limited impact on answers.

Do you think that wealth inequality has a positive, negative or neutral impact on:

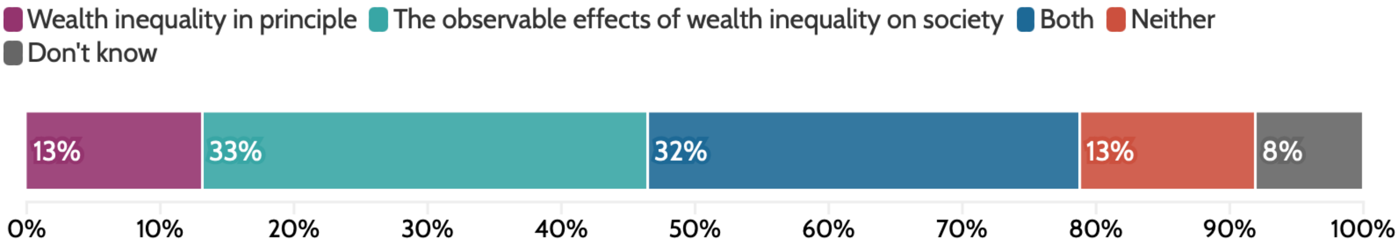


We also found that two in three people are worried about wealth inequality in principle (echoing earlier research), but that the proportion of people who are concerned rises to 78% when asked about the impacts of wealth inequality (also reinforcing previous findings).

How worried (or not) are you about wealth inequality in principle, regardless of its impacts on other areas of life?



When you think about the negative impacts of wealth inequality, what makes you more concerned - wealth inequality in principle, or the observable effects of wealth inequality on society?



Polling doesn't tell us how people think, or why they hold those views. To dig into this, we commissioned some qualitative research in July 2024 from Focaldata AI, which carried out 50 one-on-one depth interviews with a cross-sectional sample of Britons to find out what 'wealth inequality' means to them, and what impact they think it has on our economy, political system and society. The interviews highlighted broadly and deeply held concerns about the negative impacts of wealth inequality:

People are very aware of the link between wealth inequality and poverty, exacerbated by the cost-of-living crisis over recent years.	*I think in Scotland free tuition is a positive step in the right direction and is a policy that needs to be protected. The rest of the UK doesn't have this, so money is an obstacle to obtaining education, which keeps people stuck in the cycle of poverty. Furthermore, better resources, such as those available at wealthy institutions, are even more inaccessible, so the best is only given to those with the money to afford it, giving them an unfair advantage in life.* Male, 28, Scotland
Many talked about how wealth inequality depresses economic growth by reducing people's spending power.	*If there is high inequality then economic growth is stifled. People with lower incomes will have to rely on government funded assistance and be unable to contribute as much to the wider economy. The investment in [social] programmes reduces the amount of money available for other investments [e.g. infrastructure projects]… The reduction leads to less jobs, which negatively impacts the economy.* Male, 46, Yorkshire and the Humber
People talked about how wealth inequality distorts our political system, by giving the wealthy undue influence on decisions.	*People may come to believe the government is biased and insensitive to the concerns of common citizens when they observe a tiny, wealthy fraction of the community having disproportionate influence over political decisions. This idea is supported by campaign finance, lobbying, and policy choices that appear to favour the wealthy over the poor, giving the impression that money can purchase access to power and influence in politics.* Male, 20, West Midlands

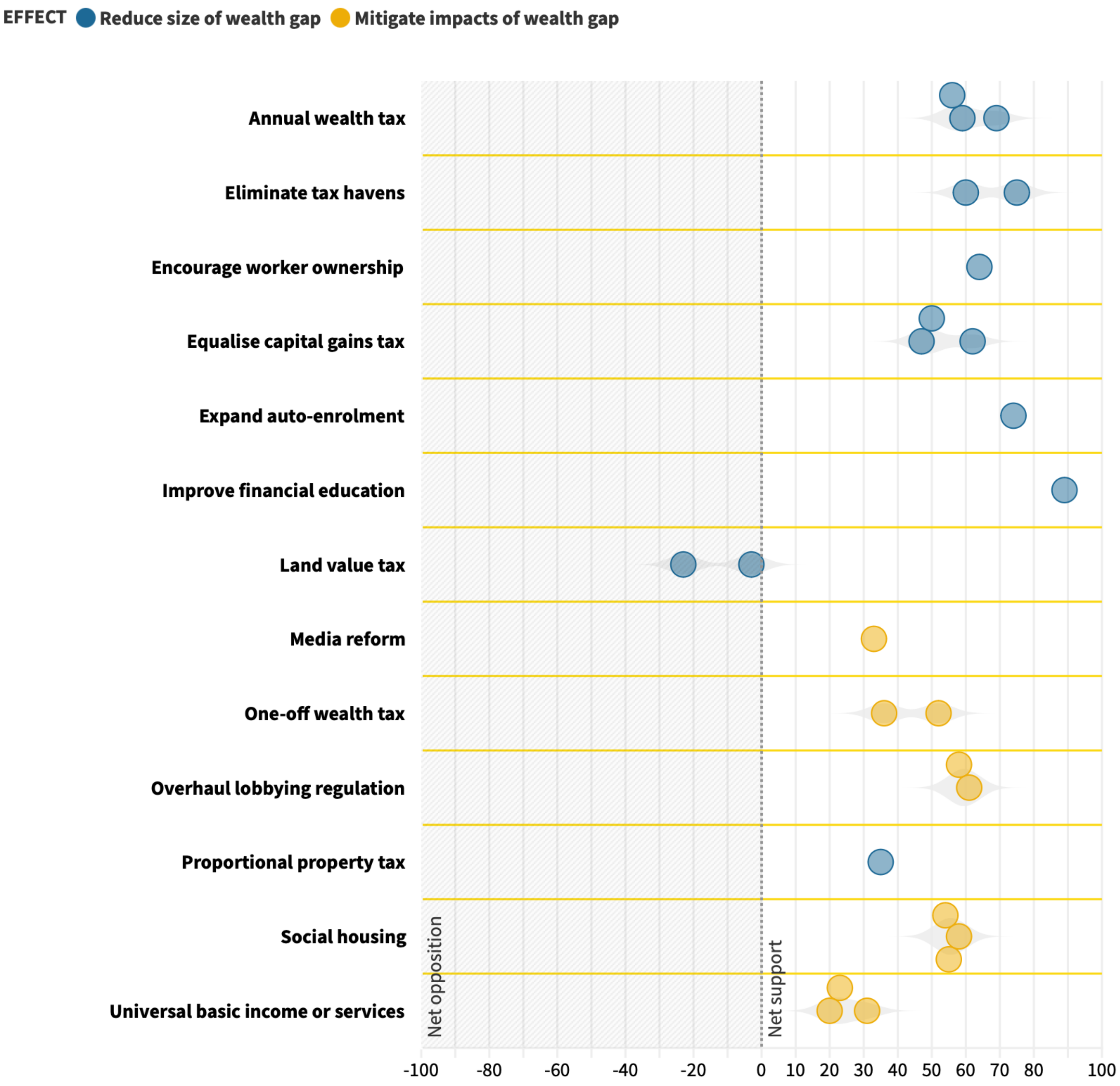
Many argued that wealth inequality undermines social cohesion by causing division and resentment, exacerbated by media myths about success.	*[Wealth inequality] has divided our society like I've never seen before. It has made the poor dislike the rich more than ever. Our society is broken at present and it needs huge changes to bring us back together again... I believe there is less interactions between the rich and poor of society., which just makes the gaps between the different economic groups wider. The rich don't understand the poor and the poor don't understand the rich. The only way to [bridge the gap] is for the wealthy and those in power to start making real changes and real investment in those communities who are struggling the most. That would start to build bridges again and show that someone actually cares.* Female, 36, East Midlands
There was strong recognition of the damage from wealth inequality to mental and physical health, for example due to stress and poor living conditions.	*On the top end we have people with the freedom to pursue whatever they want without the need to worry about not having the time, or the money to achieve their ambitions. On the bottom end, we have people without basic things such as homes or food. Everyday life will be consumed by just finding ways to make it to the next day. I think this influences mental health and well-being greatly. If [people are] low on physical and social wealth and every day consists of just making ends meet, it doesn't really leave any room to break that cycle and pursue more lucrative avenues. These cycles themselves can be a huge strain on mental health and general well-being.* Female, 35, North West
Changes over time, especially differences between generations in terms of prospects and attitudes, were picked up by some respondents.	*I would say that this large gap has grown and grown over the years. People of the baby boom generation were much more likely to believe that we lived in a meritocracy, so were hopeful about their futures. However, millennials and generation Z are likely to not feel hopeful about their future, as it appears we do not live in a meritocracy, and most people with large incomes just inherit that money from their family. This increased gap between the rich and the average person is so large that it makes everything feel very unfair.* Female, 19, East of England

What people think about the solutions to wealth inequality

What does the existing evidence base tell us about levels of UK public support for the policy solutions to the wealth gap that have been included in this report?

We reviewed previous polling and research into public attitudes for each of the 29 solutions above, and found data for 13 of them. For many of the others, there was some attitudinal data for the broad-brush solution, but it was not directly aligned to the specific solution, so we excluded it.

The chart below shows net support (the percentage in favour minus the percentage opposed, omitting neutrals or don't knows) for 13 of our 29 solutions. Where there is more than one dot on each line, we found more than one data source. Dots are coloured by the effect of the solution (where it reduces the size of the wealth gap or mitigates its impacts). *For data sources and links, please visit the online version of this report.*



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