UNIVERSITY OF GREENWICH

PEGFA

Policy Brief

The good life at the top

Analysing *The Sunday Times Rich List* 1989-2023

Ben Tippet* and Rafael Wildauer*

*University of Greenwich

Abstract

Each spring, *The Sunday Times Rich List* (STRL) is published, inviting us as a country to reflect on the question of wealth inequality. When the STRL was first published in 1989, The Queen sat at the top of the list. Today, The King has been pushed down to 263rd place, as business owners, aristocrats, celebrities, and others have accumulated vast and unimaginable fortunes.

In this short report, we present six key findings from a new research project analysing the STRL. The report utilises a novel dataset that has been constructed from archives of the rich list from 1989 to 2023. This dataset provides a unique opportunity to analyse the wealth of the very richest households, who tend to not be captured by other existing data sources.

Year: 2023

#PB29-2023

Corresponding author's details: b.m.tippet@greenwich.ac.uk

Key Findings

1. Wealth in the UK in 2023 is extremely concentrated: **the richest 50 families in the UK have more wealth than the bottom half of the UK population (33.5 million people):** both groups own £466 billion.

2. Since the first rich list was published in 1989, wealth inequality has been on the rise**: in 1989 a rich person had 6000 times the average person. Today it is 18,000 times.**

3. COVID-19 and the cost-of-living crisis has not stopped rising wealth inequality: **since the beginning of Covid-19, the wealthiest 200 families have seen their wealth increase in real terms by 22%.** This increase alone is enough to give every family in the UK £9000.

4. **While the super-rich of the STRL have never been wealthier, the UK government is poorer than at any time over the last 30 years**. Privatisation, low public investment spending and financial sector and COVID-19 bailouts have pushed the UK government's liabilities to exceed its assets by £1.25 trillion in 2023.

5. Wealth inequality is likely to continue to grow into the future if nothing is done: if we continue at the current rates, **the wealth of the richest 200 families will be larger than whole UK economy (GDP) by 2035.**[1]

6. An increasingly popular solution is to raise taxes on the wealthy: taxing just half of the increase in the wealth of the richest 50 families each year would raise **enough to give all public sector workers (5.5 million people) a standard of living preserving pay rise of 10.5%.**

Acknowledgments: This report is a part of a BA/Leverhulme small grant " Who are the wealthy? Constructing a new dataset on UK wealth concentration from archives of The Sunday Time Rich List 1989-2023 " BA/Leverhulme SRG2223\231668. We would also like to thank Ali Berk Kokbudak for helping to construct the dataset.

[1] Net wealth represents a stock of assets (business, financial, housing, pensions and physical) while GDP measures the flow of production during a given year. Therefore, the former can logically be larger than the latter. Wealth to income ratios for the entire economy are typically in the range of 300% to 500% (Piketty and Zucman 2014).

1. The richest 50 families in the UK have more wealth than the bottom half of the UK population.

The 2023 rich list brings together the richest 350 individuals in the UK. Their combined wealth is £709.96bn.[2] This is a vast sum - roughly the equivalent of giving every family in the UK £36,595.[3]

Such fortunes at the top suggests that wealth in the UK is extremely concentrated. Comparing the 2023 STRL with the ONS' Wealth and Assets Survey (2018-2020), we find that the richest 50 families in the UK have more wealth than the bottom half of the UK population (33.5 million people).[4]

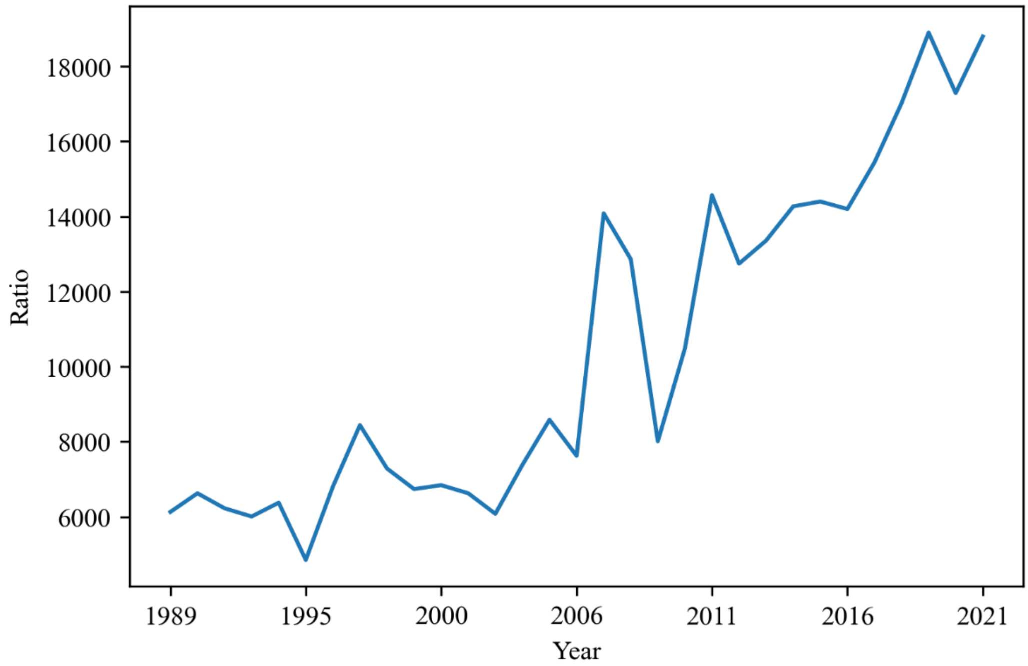
2. When the first rich list was compiled in 1989, a rich person had 6000 times the average person. Today it is 18,000 times.

Wealth concentration is both extreme and on the rise. Ever since the first rich list was published in 1989, wealth inequality has spiralled upwards. Figure 1 shows the average wealth of those on the rich list as a ratio to the average UK person from 1989 to 2021.[5] We focus on just the top 200 families given changes in the number of families appearing on the rich list each year. For example, from 1989 to 1991 there were only 200 families on the rich list, while in 2023 there are 350. In 1989 the average wealth of the top 200 families was 6131 times the wealth of an average person in the country (£212,000,000 versus £34,576).[6] Over the subsequent decades, this has more than tripled to 18,791 times (£3,114,000,000 versus £165,699).[7]

---

[2] Throughout this report, we define wealth as net wealth, i.e. the total of all business, financial, housing, pensions and physical assets minus any liabilities.
[3] In 2022, there were 19.4 million families in the UK according to the ONS (ONS, 2023).
[4] The total wealth of the richest 50 people in 2023 is £466bn. We defined net wealth in the Wealth and Assets Survey to include financial, property, physical and business wealth (assets minus debts). In 2018-2020, the bottom 50% of the population owned £370bn in wealth in nominal terms. Considering inflation between 2020 and 2023 and assuming that average wealth grows at 2.6% per year (the average rate of return to private wealth between 1989 and 2021 according to data from the World Inequality Database), this corresponds to £435bn in 2023 pounds. The UK population was 67 million in 2021 according to the ONS (ONS, 2023).
[5] The average wealth of someone in the UK population is taken from the World Inequality Database (WID). We use the average of private net wealth in current prices. The WID only goes up to 2021 and so we do not include the latest two years of the rich list.
[6] These are the nominal figures for average wealth, as we are mainly concerned here with the relative difference between the two groups
[7] While the WID average wealth in 2023 (£165,699) is smaller than the average wealth reported by the Wealth and Assets Survey in 2018-2022, we report the WID figures as the survey data is not available before 2006.

Figure 1. Average wealth of wealthiest 200 people as a ratio to average private wealth for whole UK population



3. Since the beginning of COVID-19, the richest 200 families have seen their wealth increase in real terms by 22%. This increase alone is enough to give every family in the UK over £9000.

COVID-19 and the cost-of-living crisis has not stopped rising wealth inequality. Since the spring of 2020, the wealthiest 200 people on the rich list have seen their wealth increase in real terms by 22%.[8] This 22% captures the total change in their wealth between May 2020 to May 2023. To put this into perspective, if just the increase in wealth during this period was redistributed to every family in the UK, they would each receive £9,054. [9] This is during a period where the country has faced a cost-of-living crisis and average real wages have declined.

[8] The combined wealth of the top 200 people in 2020 and 2023 in nominal terms was £534bn and £710bn. Considering inflation, we constructed a price index from the CPI-H with base year 2023=1. We use the change in inflation from March to March for each year. The price index for 2020 is 0.918. The real rate of return to wealth over the 3 years from 2020 to 2023 is therefore given by (710bn – 534bn/0.918)/ 534bn/0.918.

[9] In nominal terms, this increase is equivalent to £175.7bn. As there are 1.94m households in the UK, this is equivalent to £9054 per household. We use the nominal increase as we are concerned with how much this increase in wealth is worth in today's currency, distributed to households.

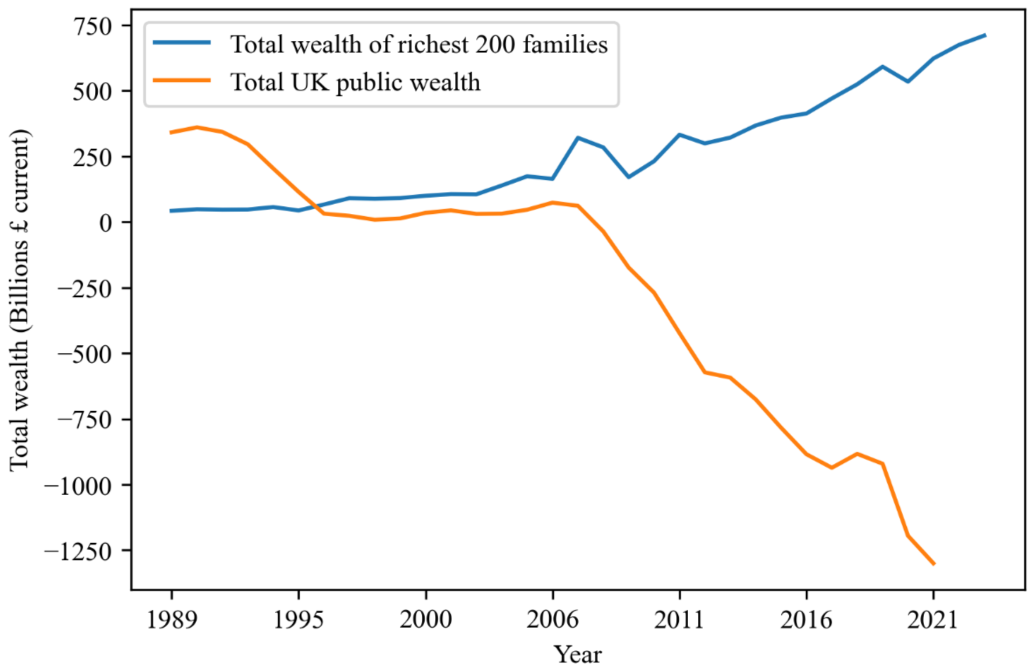
4. The fortunes of the wealthiest expand at record speed while the public sector is poorer than at any point in time in the last 30 years.

The wealth of the richest 200 families in the UK grew from £42.4bn in 1989 to £622.7bn in 2021.[10] Over the same period the equivalent wealth measure of the public sector, the value of its assets minus the value of its outstanding liabilities, decreased from £341.5bn in 1989 to £-1,300.2bn in 2023.[11] As can be seen in Figure 2, in 1989, the public sector was much wealthier than the very rich. Today, the wealth of the richest 200 families far exceeds the wealth of the government.

The negative public wealth position indicates that public liabilities exceed public assets. Several factors are behind this trend. Firstly, successive governments privatised large parts of publicly owned assets such as council housing and public infrastructure (rail, mail, water, etc.). Secondly, the bail outs of banks after the financial crisis and of households and business during the COVID pandemic led to unprecedented public deficits. Thirdly, consistently low levels of public investment spending slowly degrade the stock of public assets.

The overall picture which emerges is a fast-growing stock of private wealth concentrated in the hands of a few families, which is contrasted with an increasingly impoverished public sector.

Figure 2. The total wealth owned by the richest 200 families vs the total public wealth owned by the UK government



[10] These are the nominal amounts.
[11] Net public wealth figures come from the World Inequality Database. We present the nominal amounts here as we simply want to compare the two aggregates.

5. If we continue at the current rates, the wealth of the richest 200 people will be larger than whole UK economy (GDP) by 2035.

Wealth inequality is likely to continue to grow into the future if nothing is done. Wealth at the top is growing at a much faster rate than the UK economy as a whole, i.e. Gross Domestic Product (GDP).[12]

From 1989 to 2023, the wealth of the richest 200 families has grown on average by 11.6% each year (or 8.7% when taking inflation into account).[13] This is much higher than the growth rate of GDP over the same period, where nominal GDP and real GDP grew by 4.8% and 2.0% on average.[14]

What do these growth rates imply going forward? Currently the combined wealth of the 350 people on the 2023 rich list is 28% of UK GDP. At current growth rates, how many years it might take for the wealth of the richest 350 people to become larger than GDP? [15] Assuming that the grow rates are relatively stable and we don't see as much volatility as during the global financial crisis, we estimate that it would 12.5 years for the wealth of the richest 350 people to catch up with GDP. In other words, by 2035.

Moreover, increases in wealth at the top do not seem to have trickled down to the rest of the economy. Since 1989, increasing returns to wealth for the very richest families has not resulted in higher GDP growth for the UK economy. In fact, we see the opposite relationship. Splitting the period into two equal periods (1989-2006 and 2007-2023) we can see in Table 1 that while the top 200 families have seen their wealth grow at an increasing rate (from 7.6% before 2006 to 9.6% after 2007), real GDP growth has more than halved (from 3% to 1.2%).

Table 1. Comparing the real return to wealth for the richest 200 families vs real GDP growth

Period	Real return to wealth for richest 200 families (%)	Real growth rate of GDP (%)
1989 to 2006	7.6	3
2007 to 2023	9.6	1.2

---

[12] Net wealth represents a stock of assets while GDP measures the flow of production during a given year. Therefore, the former can logically be larger than the latter. Wealth to income ratios for the entire economy are typically in the range of 300% to 500% (Piketty and Zucman 2014).

[13] Again we just focus on the wealthiest 200 people for consistency reasons.

[14] Nominal GDP for each year is constructed by taking the period from the previous Q2 to the current year Q1 to make the GDP figures consistent with the release of the Sunday Times Rich list in April/May. In other words, GDP in 2022 is the sum of 2021Q2, 2021Q3, 2021Q4 and 2022Q1, as this is same period that the rich list is constructed with.

[15] To calculate how long it would take for group 1 to have more wealth than group 2, you can use the following formula: t = log(B/A) / log(1 + (r1 - r2)) where: t is the number of years it would take for group 1 to have more wealth than group 2; A is the wealth of the richest 350 people on the 2023 Sunday Times Rich list (£796,459,000,000); B is the nominal GDP in 2023 (£2,530,998,000,000); r1 is the annual nominal growth rate of the rich list (11.6%); r2 is the annual nominal growth rate of GDP (4.8%). Plugging in these values gives: t = log(2530998000000/796459000000) / log(1 + (0.116 - 0.048)) t ≈ 12.5 years

6. Taxing just half of the increase in the wealth of the richest 50 families each year would raise enough to give all public sector workers a standard of living preserving pay rise of 10.5%.

One way to stop rising wealthy is to raise taxes on the wealthy. While other reports have discussed the relative merits and revenues that can be generated from wealth taxes (Advani et al. 2021; Tippet, et al. 2021), here we present a simple exercise based on the returns to wealth found in this report.

As discussed above, the average real rate of return to wealth for the top 200 families over the whole period from 1989 to 2023 is 8.7%. While there are many potential ways to set the rates of a new wealth tax, we outline here how much revenue would be generated by taking away just half of this average increase.

This is equivalent to an annual wealth tax set at 4% each year. A simple calculation assuming no behavioural responses or evasion shows that this would raise £18.66bn this year.[16] Of course in reality, a wealth tax would not raise 100%, given the possibility of tax avoidance, administrative costs and behavioural changes. However, the simple exercise indicates the orders of magnitude of the revenue potential.

£18.66bn is enough money to pay give all 5.5 million public sector workers a standard of living preserving pay rise of 10.5%. According to the IFS, this would cost an extra £18bn (Boileau et al, 2022).[17]

Bibliography

Advani, A., Hughson, H., Tarrant., H., 2021. Revenue and distributional modelling for a UK wealth tax. *Fiscal Studies*. 42:3-4. 699-736

Boileau, B., O'Brien, L., Zaranko, B., 2022. Public spending, pay and pensions. *IFS Green Budget* 2022.

Tippet, B., Ozlem, O., Wildauer, R,. The case for a progressive wealth tax in the UK. *Greenwich Papers in Political Economy*. 2021.

Piketty, T., Zucman, G., 2014: Capital is Back: Wealth-Income Ratios in Rich Countries 1700–2010. *The Quarterly Journal of Economics.*

[16] In 2023, the combined wealth of the top 50 families was £466.379bn. 4% of this is £18,655,160,000.
[17] https://ifs.org.uk/publications/public-spending-pay-and-pensions