



WHAT DO THE PUBLIC THINK ABOUT THE WEALTH GAP?

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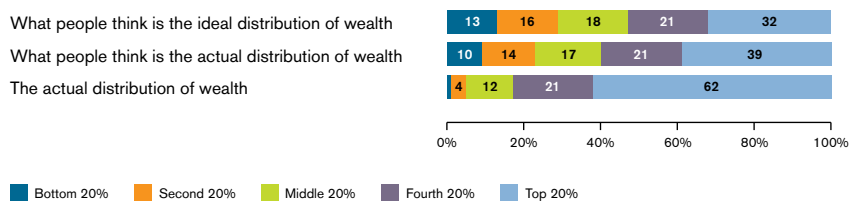
As part of its Policy Commission on the Distribution of Wealth, the University of Birmingham commissioned Ipsos MORI to carry out an online survey of attitudes to wealth inequality among 1,016 members of the general public¹. This summary provides the key findings.

The wealth gap is much greater than people think it is or want it to be

We asked people what they thought the ideal distribution of wealth should be and, on average, people agreed that some degree of wealth inequality was desirable. They said that the top 20 per cent of the population should have about a third of the wealth, with the bottom 20 per cent having about 13 per cent. We did not ask them their reasons for this level of inequality but it might reflect the view that hard work, effort, saving and so on should be rewarded. We then

asked people what they thought the actual distribution of wealth was and they thought it was probably more unequal than their ideal. They thought that the top 20 per cent of the population probably owned 39 per cent of wealth and the bottom 20 per cent about 10 per cent. But the actual distribution is far more unequal than this – with the top 20 per cent owning 62 per cent and the bottom 20 per cent owning less than one per cent.

Figure 1: The public accept some degree of wealth inequality and realise that wealth is unequally distributed, but they underestimate the extent of wealth inequality



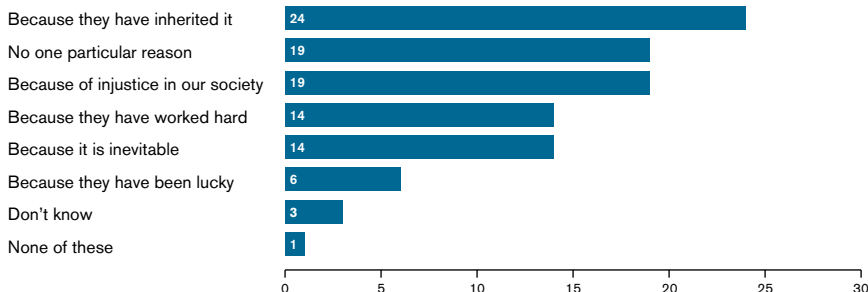
Views about the wealth gap

We then asked the public what might explain why some people had much greater wealth than others and we presented them with a range of possible reasons (see Figure 2). The most commonly chosen reason was inheritance: a quarter of the population believed that the main reason why some people had greater wealth than others was that they had inherited it.

A further one in five thought that injustice explained why some people were wealthier than others. Some 14 per cent of the public felt that wealthy people had worked hard, while others (14 per cent) thought inequality was just inevitable (14 per cent) or the result of luck (6 per cent). One in five (19 per cent) thought there was no one particular reason to explain it.

¹The research was conducted on i:omnibus, Ipsos MORI's online omnibus survey, between 23 and 25 September 2013. Questions were asked of 1,016 adults aged 16–75 across Great Britain. The survey data were weighted by age, gender, social grade, region, working status and main household shopper to be nationally representative of GB adults aged 16–75.

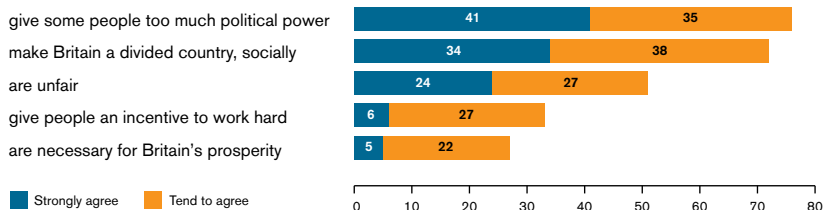
Figure 2: The main reason people give for why some have much greater wealth than others is that they have inherited it



We also looked at whether people agreed or disagreed with a series of statements about wealth and found much concern that large differences in people's wealth gave some people too much political power, with 41 per cent strongly agreeing with this statement and a further 35 per cent tending to agree (76 per cent agreement in total). There was also widespread concern that wealth inequality made Britain a divided

country, socially (72 per cent agreement). A majority (51 per cent) also thought that the wealth gap was unfair – and it should be remembered that people heavily underestimated the actual extent of wealth inequality. A significant minority of the public thought that large differences in wealth were necessary for Britain's prosperity (27 per cent) and gave people incentives to work hard (33 per cent).

Figure 3: Large differences in people's wealth...



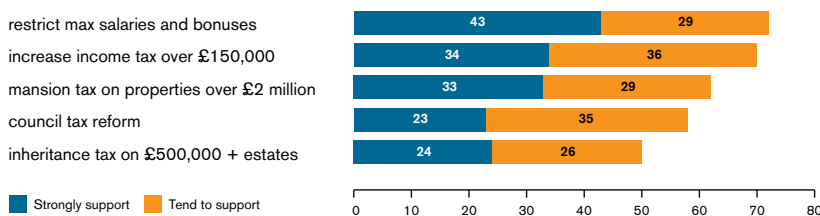
How should government respond to wealth inequality?

We then asked the general public about a range of potential policy responses to the wealth gap (see Figure 4). In particular, we asked how far they agreed or disagreed with the following statements and found:

- 72 per cent supported taking measures to restrict the maximum salaries and bonuses that can be paid to the top one per cent of earners (restrict maximum salaries and bonuses)
- 70 per cent supported increasing the rate of income tax for those earning over £150,000 (increase income tax over £150,000)
- 62 per cent supported introducing a tax, to be collected annually, on properties over £2 million (mansion tax)
- 58 per cent supported reforming council tax so that the amount of council tax paid was directly related to the value of the property (council tax reform)
- 50 per cent supported making inheritance tax payable on all estates worth £500,000 or more, with no exemptions or allowances (inheritance tax on £500,000 estates)

It is interesting that there is more support for measures to reduce the highest incomes than policies to directly tackle the wealth gap. This could be because people underestimate the size of the wealth gap, or are even more concerned about large differences in income, or they might realise that the income gap feeds into the wealth gap.

Figure 4: Majorities support a range of policies



Views on policies to encourage saving

Finally, the Policy Commission was also interested in views about how the government might encourage people to save more (see Figure 5). More than half the population (56 per cent) supported

the setting up of an organisation to represent the interests of savers. Exactly half supported the idea of introducing a savings account for people on low incomes, which would be paid for by

government spending, and which would pay bonuses for saving certain amounts each year. This is similar to the Saving Gateway idea that the Coalition government decided not to introduce in July 2010. And two in five people (39 per cent) supported the idea of automatically setting up a savings account for people when they started a new job.

Figure 5: Views on policies to encourage saving

