

Briefing Paper

Asset inequality and ethnic minority groups

The role of personal assets in the form of housing, savings and pensions is an important indicator of well-being for UK households. Wealth inequality is far greater than income inequality and we are beginning to understand more about the distribution of wealth-holding due to the availability of the Wealth and Assets Survey (WAS) and the United Kingdom Household Longitudinal Survey (UKHLS). In time these and other datasets will provide a more robust evidence-base for the academic and policy communities to better understand everyday experiences of households up and down the country.

Although our understanding of the distribution and effects of assets is still in its infancy compared to our understanding of income inequality, the position of ethnic minority groups is slowly beginning to emerge. Analysis of WAS by the National Equalities Panel chaired by John Hills (LSE) revealed divergent levels of asset holding within and between the UK's ethnic groups. For example, the median total wealth held by White British households was £221,000, for Black Caribbean it was £76,000, whilst among Black African households it was £21,000. The group that had by far the lowest levels of total wealth was Bangladeshi households (£15,000). Indian households had the highest median total wealth (£204,000) than any other ethnic group. The explanation for these differences is not entirely clear but they probably reflect a complex mix of factors such as migration histories, housing tenure status, occupational position and income. Perhaps the single biggest determinate of wealth

holding is family background and access to financial help in the form of inheritance or in-vivo transfers (i.e. wealth transmissions made during the lifetime of the giver). This is an area that is not well understood in the literature and is one that members of CHASM will be exploring in a new Leverhulme Trust funded project (Mind the Wealth Gap) led by Beverley Searle (University of St Andrews) and in partnership with University of Durham.

Another interesting set of data included in the Hills report is an analysis of total wealth in terms of religious affiliation. Households that defined themselves as Jewish held median wealth of £422,000, followed by Sikh households (£223,000) and Christian households (£223,000). Muslim households held median total wealth of just £42,000, whilst households that stated no religious affiliation held £138,000. Whilst great caution needs to be taken when analysing these figures, they do suggest that further work is needed to understand whether there is a correlation between religious affiliation and wealth holding, and if so the reasons for this, and whether these should be judged against the figures for ethnicity which are more robust.

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