

# UK: The 2018 State of the Nation Report

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Global Research, January 12, 2019

[TruePublica](#) 11 January 2019

Region: [Europe](#)

Theme: [History](#)

*Britain does produce an annual state of the nation report other than one referring to social mobility. The Social Mobility Commission's 2017 report (see link below) starts with the words: "Britain is a deeply divided nation." Their report is interesting this year as it ventures more broadly into areas such as education, employability and housing prospects of people living in each of England's 324 local authority areas. The index highlights where people from disadvantaged backgrounds are most and least likely to make social progress.*

*"It has become obvious that the scale of the problem extends well beyond the bottom decile in society or the few thousand youngsters who miss out on a top university. There is a fracture line running deep through our labour and housing markets and our education system. Those on the wrong side of this divide are losing out and falling behind."*

The report also describes the country's "lamentable social mobility track record." Some of the statistics provided in the their report are dire.

However, their report does not focus on how the bottom 50 per cent are fairing overall with a government whose political policies are ideologically focused at benefitting those at the top end of society (See footnote re: neoliberal capitalism). This report is a first attempt to bring together statistics to show how those policies are really affecting one half of society in some way.

## Wealth in Gt. Britain

The official [GDP figures](#) for 2018 have not yet been published. In 2017, GDP was £2.04 trillion and is expected to rise to approximately (+/-) £2.3 trillion in 2018.

The [ONS](#) has not reported on overall wealth in Britain since 2016 as reports are published every two years. As of their last figures, the aggregate total net wealth of all households in Great Britain was £12.8 trillion in July 2014 to June 2016, up 15% from the July 2012 to June 2014 figure of £11.1 trillion. Total aggregate debt of all households in Great Britain was £1.23 trillion in July 2014 to June 2016.

Britain is ranked the fifth wealthiest nation in the world ranked by overall GDP. In 2018, its economy grew 1.79 per cent. However, according to the IMF Britain will fall to 7th place overall by 2023 with France and India taking 5th and 6th place respectively.

Today the [value of property](#) in the UK stands at over £5 trillion - nearly 60% of the UK's entire net wealth - up from just a little over £1 trillion in 1995.

The UK's gross pension liability across workplace and state provision grew by £1trn in five years, [according](#) to data from the Office for National Statistics (ONS). Private sector defined

benefit liabilities were estimated at £2trn. The total liability hit £7.6trn at the end of 2015, the ONS said, up from £6.6trn in 2010. The total included an estimated £4trn of unfunded liabilities linked to the UK's state pension – equal to over 210% of GDP.

Today's population has built up £7.6trn in pension promises but has only set aside about a third of that amount to pay for them. Other unfunded public sector pension liabilities – including provision for teachers and National Health Service staff – totalled £917bn.

### Household Debt

A TUC [report](#) published just last week said that “Britain's household debt mountain has reached a new peak, with UK homes now owing an average of £15,385 (not including mortgage debt) to credit card firms, banks and other lenders.” Just as problematic is another statistic though. The level of unsecured debt as a share of household income is now not just 30.4%, the highest level it has ever been at but it is well above the £286bn peak in 2008 before the financial crisis.

In March, it was [reported](#) that a quarter of British adults have no money saved at all.

### Deprivation

Nearly 4 million adults in the UK have been forced to use food banks due to “shocking” levels of deprivation. [New figures](#) were revealed for the first time in mid-2018 where one in 14 Britons has had to use a food bank, with similar numbers also forced to skip meals and borrow money as austerity measures leave them “penniless with nowhere to turn.” This is a rise of 13 per cent in just one year. In addition, one million people have decreased the portion size of their child's meal due to financial constraints. Other statistics are just as depressing; nearly half (47 per cent) had lacked basic toiletries, 46 per cent were lacking suitable clothing and 42 per cent having to go without heating. One in five destitute people reported lacking lighting at home.

Just as we turn into 2019, MPs are urging the government to appoint a [minister for hunger](#) in the UK to tackle the growing problem of food insecurity.

### Working Poverty, Child Poverty

Contrary to what we are all told about having the lowest unemployment in Britain for decades, the reality is not what it seems.

The number of workers (those actually employed) entering poverty is actually rising faster than employment itself.

The Joseph Rowntree Foundation found that one in eight adults in the economy is now classified as working poor. Their results were [published](#) just last month.

A new unit called the [Social Metrics Commission](#), an independent body bringing together poverty specialists from across the political spectrum found just a few months back that in Britain, there are now 14 million people living in poverty.

Within that number 4.5 million are children, which represents an astonishing 33 per cent of kids in the UK.

The only reason this new body was set up was because the government [abolished](#) any official measures in 2015. It was Iain Duncan Smith and George Osborne who abolished these important statistics just prior to the tax credit cuts in the same year. Half a million more children have become trapped in poverty over the past five years from working families.

### Energy and Food Poverty

The privatisation of life's most basic services is also driving poverty. For instance, the gap between the cost of energy and what people can afford rose by 9% in 2018. The proportion of households living in [fuel poverty](#) in 2016 rose for the second year in a row to 11.1%, or around 2.55m homes and today continues to drive excess deaths and widening poverty. Price caps that the government have proposed don't work if income falls in real terms, and they most certainly don't work when it took the government 18 months to implement them. Fuel poverty leaves a stark choice for millions – warmth or food.

Human Rights News published an analysis from UNICEF that found that whilst the UK is one of the richest countries in the world, it has some of the [highest rates of childhood food insecurity in all of Europe](#). This shocking situation has been linked in part to austerity-related tax and welfare changes.

UN rapporteur Philip Alston's hard-hitting [report](#) on poverty in November confirmed the same and concluded that austerity, universal credit and gaping holes in the social security safety net were the main driving factors behind poverty.

### Homelessness

There is no national body that officially calculates a figure for how many people are actually homeless across the UK.

The latest figures published by the charity [Crisis](#) showed that last year 57,890 households were accepted as homeless in England. In Scotland, 34,100 applications were assessed as homeless and in Wales 9,210 households were threatened with homelessness.

In Britain, there is also no official body that counts the number of homeless people who die on the streets of Britain due to being homeless. However, new statistics reveal that on average, homeless people die at just 47 years old. People sleeping on the street are almost 17 times more likely to have been victims of violence. Homeless people are over nine times more likely to take their own life than the general population.

After steady increases since 2010, these deaths are being investigated by our media partner The Bureau of Investigative Journalism who [found nearly 500 deaths](#) as a direct result of homelessness. Rough sleeping has [risen by 169 per cent](#) since 2010.

Analysis from housing charity [Shelter](#) suggests that 320,000 people were recorded as homeless in Britain. The report was published in November 2018. It is a rise of 13,000, or 4%, on last year's figures and equivalent to 36 new people becoming homeless every day. London has the highest rate of homelessness, but it is growing fastest in the Midlands, Yorkshire and the Humber, and north-west England, the analysis says.

### Housing Crisis

Fundamental to society is being able to get decent shelter. Groundbreaking research by Heriot-Watt University, [published](#) in May it says England has a backlog of 3.91 million homes, meaning 340,000 new homes need to be built each year until 2031. Catherine Ryder, head of policy at the National Housing Federation described the situation as a “real emergency.” Jon Sparkes, chief executive of Crisis, said the findings were “stark and shocking”, adding: “*Right now across England, councils are desperately struggling to find homeless people somewhere to live.*” There are nearly [1.2 million families](#) on waiting lists for a council or social home where 27 per cent have waited more than five years.

## Social Care

In late 2017 the social care crisis came into sharp focus. The first study of its kind found that the squeeze on public finances since 2010 is linked to nearly 120,000 excess deaths in England, with the over 60s and care home residents bearing the brunt, published in the online journal [BMJ Open](#). The critical factor in these figures are changes in nurse numbers, say the researchers, who warn that there could be an additional toll of up to 100 deaths every single day from now on if nothing substantial changes. And real term spend on social care has fallen by 1.19 per cent every year since 2010, despite a significant projected increase in the numbers of over 85s—those most likely to need social care—from 1.6 million in 2015 to 1.8 million in 2020, say the researchers. And every £10 drop in spend per head on social care was associated with five extra care home deaths per 100,000 of the population, the analysis showed.

## Public Services

During 2018, The National Audit Office [examined](#) the financial statements of 937 local health authorities, councils, police and local fire bodies which are responsible for about £154bn of net revenue spending every year. The auditor’s report concludes that the number of local bodies with very serious financial weaknesses increased from 170 (18%) in 2015-16 to 208 (22%) in 2017-18. The report adds the NHS and NHS Foundation Trusts, which found an even worse situation where financial weaknesses jumped from 29% to 38% across the same period.

## Public Finances

The publication of an [International Monetary Fund report](#) in October 2018 was definitely cause for concern. It found that the UK’s public finances were among the weakest in the world after the 2008 financial crash.

The IMF report said a health check on the wealth of 31 nations discovered that almost £1tn had been wiped off the wealth of the UK’s public sector – equivalent to 50% of GDP. This placed Britain in the second weakest position overall, with only Portugal in a worse state. The IMF identified the cause of this weakness and said the bailout of UK banks and the growth of Britain’s public sector pension liabilities were significant factors in the UK’s low ranking.

To make matters worse, the UK has privatised and done more to sell off public assets and consequently reduced its income from assets that could offset demands on the public purse.

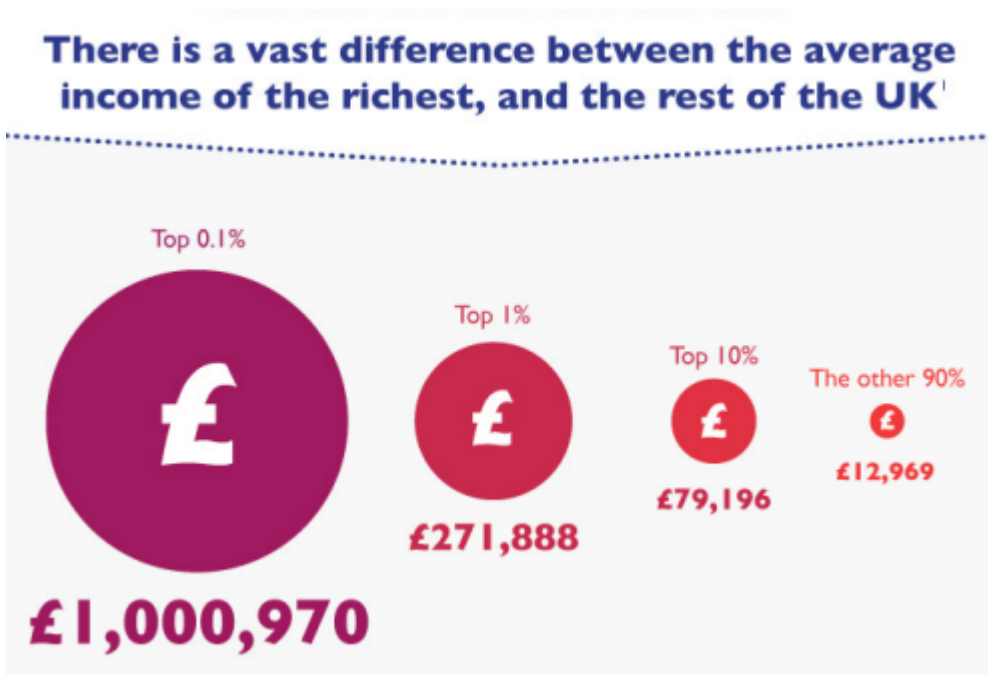
Non-central bank public financial corporation liabilities went from zero in 2007 just before the bank led crisis to 189% of GDP in 2008, with similar falls in financial assets.

## Wages and Savings

Average pay in Britain for full-time, permanent employment was recorded at £28,677. But average pay means nothing when Britain's highest-paid boss is earning £5m a week and average pay for an FTSE100 CEO is £77,000 a week.

Wages in inflation-adjusted terms are [no higher today](#) than they were in 2005. This has caused a substantial fall in the standard of living for many. Over the past 10 years, productivity growth was the weakest since modern records began and appear to be the slowest since the early 1820s when Britain was emerging from the Napoleonic wars, the Office for National Statistics estimates. Today, people simply don't have the money to do the things they could do just 20 years ago.

Sky high monthly outgoings emerged as the [main reasons](#) for one-quarter of adults in Britain not having a single penny of savings in case something goes wrong. Additionally, the study also found one in 10 adults over the age of 55 don't have a penny put away either for their future. 54 per cent of the average Brit's income goes on essential living costs like rent or a mortgage, bills and food.



Statistics from a 2016 [Inequality Trust report](#) - nothing positive has changed, except if you're in the top 10%. In that one category, average pay increased 5.9 per cent.

## Inequality

In our report, [The Truth About Poverty](#), originally published two years ago, even we were astonished at just how inequality had gripped society. The UK is now one of the most unequal countries in the developed world.

At that time, we reported that the average pay of the 90%, (by stripping out all earnings of the top 10%, including the 1% and 0.1% groups) leaves an annual income of just £12,969. Nothing has changed much except if you happen to be in the top 10 per cent category where pay increased by nearly 6 per cent.

According to Inequality Trust - the richest 10% of households hold 45% of all wealth. The

poorest 50%, by contrast, own just 8.7%. An average household in the South East has almost twice (183%) the amount of wealth of an average household in Scotland. Out of the 30 OECD countries in the [LIS data set](#), published by Inequality Trust, the UK is the seventh most unequal and is the fourth most unequal in Europe.

## Education

[Growing Up North](#), published in May 2018 by the Children's Commissioner highlighted the complex relationships between life chances and education, wealth, health, labour markets and family aspirations. Its conclusions were that school leavers in London and the south-east are at least 57% more likely to go to a top-third university than anyone from the north.

[A study by Newcastle city council shows](#) how, between 2015 and 2016, councils in the northeast of England had funding cut by 7.8 per cent, compared with cuts of 3.4 per cent in the [wealthier southeast](#).

Just 34% of disadvantaged children in the north of England overall get five GCSEs A\*-C, including English and maths, compared with 48% of similar pupils in London.

Just one northern council area in terms of [educational attainment](#) makes it to the top 20: Trafford in Greater Manchester.

An OECD report shows that almost twice as much is spent per student at university level than is spent on pupils in either primary or secondary school. This is, of course, due to [university fees](#) being paid by students and not the state.

In terms of educational global ranking, Britain sits at 15th place. However, the latest statistics available are from the PISA OECD report published in 2015 with prior collated data. The next report is due sometime in 2019.

## Next Generation

To accompany the fall in wages, parents are also worried about their children being able to get on in life. UK millennials have suffered a significant decline in living standard improvements compared with the previous generation, setting them apart from most other developed countries, according to research from the Resolution Foundation think-tank.

The report, published in the [FT](#) said that UK millennials — those born since 1981 — saw a deterioration in most measures of living standards following a long postwar period in which each generation enjoyed significantly better living standards than the one before.

## Conclusion

The state of the nation is laid bare in all of these statistics. For all but those who are affluent and have future prospects, it's about falling wages, rising debt, deprivation, poverty, societal meltdown and dramatically worsening public finances and liabilities along with worries for the next generation that nothing will change in future. It has led to frustration, anger and social division. It should be noted that there is no report produced in Britain that calculates the percentage of people or households that are collectively affected by the statistics in this report. Approximately half of all households in Britain [receive benefits](#) or are dependent on benefits of some kind.

On becoming PM of Britain, Theresa May [spoke of the “burning injustices” of British society](#), and her heart seemingly went out to the “ordinary working-class families” who “just about manage”. Standing in front of No 10, she promised that “*the government I lead will not be driven by the interests of the privileged few but by yours.*”

It was also clear that the Conservative governments of David Cameron and Theresa May were well aware of the disaster that had unfolded after the financial crisis which created a crisis of daily life for almost one half of society. Austerity was their answer. None of the key performance areas in terms of Britain’s overall well-being is getting better.

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## Notes

Neoliberal Ideology.

Neoliberal capitalism is an economic theory that was simplified in its terminology so everyone could understand it. ‘Trickle down economics’ was what it promised.

Capitalism is an economic practice. Neoliberalism is a philosophy about how societies in which that practice capitalism should be managed. It would have worked in Britain if, like all things in life, it was carried out in moderation. But it wasn’t. This report demonstrates how this form of capitalism is now creating huge societal problems.

There is no disputing that neoliberalism brought us the financial crisis, which still lingers menacingly a decade after the banks inflicted societal havoc. The offshoring of corporate and individual wealth has been astonishing given what we now know from leaks and whistleblowers. An environmental disaster is looming, and the rise of populism and extreme identity politics is deeply rooted in the ideology of individualism that pits the have’s against have not’s.

Neoliberalism sees intense competition as the sole defining characteristic of human relations. Consumerism, driven by free-market forces is its beating heart. The privatisation of state assets is one of its worst attributes because not all services like health and public transport or water are profitable without escalating prices and/or reducing the cost of delivery.

This four-decade-long experiment by a political, social and financial elite has left Britain with a legacy of epidemics that includes substantial rises in self-harm, eating disorders, depression, loneliness, performance anxiety and social phobia. Added to that are structural public service failures such as all the crisis we now see around us in health, education, housing, poverty and the like. None of these failures reaches the ruling elite who design and deliver them to everyone else. The problem is that wider society is afflicted by these failures in much bigger volumes than we recognise because they are rarely, if ever, reported collectively.

Social Mobility Commission 2017 Report – pdf 178 pages [HERE](#)

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