

Struggling to get by on £330,000? Welcome to the 1 per cent club

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Many of those in the top 1 per cent of earners have emerged from the recession better off than before.

However, those in the bottom half of this exclusive club, who are paid between £160,000 and £330,000 a year, feel financially beleaguered and often have little or nothing left in the bank at the end of the month, a new book has claimed.

They are also said to be haunted by the fear that their children will fail to recreate the lifestyles they have grown up with.

Danny Dorling, an Oxford academic, has spent his life documenting the problems of the poorest in society, yet admits that he has found himself concerned at times about the bottom half of the “1 per cent club”.

He identified the group while studying the effects of the 2008 recession. He discovered that, for the first time, the top 1 per cent of earners had broken away from the top 10 per cent. While the incomes of the rest of the 10 per cent had stalled as the cost of living rose, the incomes of those at the top had raced ahead.

Almost all of the 1 per cent club work in the global banking industry, putting them in a powerful position to negotiate pay rises — for example, to compensate sterling’s fall against the dollar. Many own expensive properties

in London or the southeast that have soared in value in recent years. In the southeast, prices are 9.2 per cent above 2008 levels, according to figures released by the Office for National Statistics last month.

Britain’s wealthiest also benefited from the 50 per cent top rate of income tax being cut by 5p in the pound in 2013. It had been raised from 40p to 50p in 2010 by Gordon Brown.

The greatest surprise was how badly off the bottom half of this group felt, Professor Dorling said. Private school fees, fears for future solvency and

Private school fees have soared despite the recession



money spent socialising with others in the top income bracket were among the problems faced.

Despite the recession, school fees have risen, meaning that the annual cost of educating three children can easily top £100,000, a large chunk of income for members of the group.

Professor Dorling said: “Within that 1 per cent group, the bottom half just don’t feel rich. They are also not mixing very much with people from outside the 1 per cent, typically working and socialising with those on similar and higher salaries.”

In the past, the 1 per cent group was made up of a broader mix, including doctors, head teachers, businessmen and women and senior academics.

They would have regular contact with the rest of the 10 per cent, which would make them feel comparatively well off. Now those in the 1 per cent club almost all work in financial services, so are largely out of touch with other professionals.

“This group [the bottom half] also has the most cause to fear that their own children will not be in their income bracket in the future,” Professor Dorling said.

“All of their children would have to be incredibly successful to manage that. Most will end up in the 10 per cent, but only a minority in the 1 per cent bracket.”

● *Inequality and the 1%* by Danny Dorling is published by [Verso](#) this month.

