The Personal Wealth of Northern Ireland 1920-1960[1]

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Introduction

The main object of this paper is to build up estimates of personal wealth in Northern Ireland, in order to chart the material progress of its inhabitants during the past forty years To this end, wherever possible, comparisons will be drawn with similar estimates for the Irish Republic and for Great Britain

A further, although subsidiary, object will be to give a brief account of how these personal wealth statistics have been compiled Such calculations are of necessity highly complex and technical, and will therefore be described here only to the extent necessary to bring out the chief problems involved, as well as the limitations of the figures in the present state of our knowledge [2]

In order to dispose of these problems of estimation before coming on to the main task of presenting and interpreting the results, the section which immediately follows will comprise a critical description of the "death duties" method of calculating personal wealth The remainder of the paper will be devoted to an examination of personal wealth estimates for selected years during the period, first of all as aggregate data (in *per capita* and real terms as well as in absolute terms) and then sub-divided into various categories, namely the

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[1]I wish to express my thanks to Mr N Cuthbert for generously letting me see some of his working papers for *An Economic Survey of Northern Ireland* (1957), and to the officials of the Estate Duty Office, Belfast, for their ready assistance at all stages of this inquiry I am also grateful for help given by Mr E T Nevin, author of *The Ownership of Personal Property in Ireland* (Economic Research Institute, Dublin, Paper No 1, 1961)—although, as my calculations were on a somewhat different basis from his, I have not used his results directly—by the Director of Statistics and Intelligence, Inland Revenue, London, and by Mr J R S Revell, author of a forthcoming study of the ownership of wealth in the United Kingdom The whole responsibility for the contents of this paper rests with myself, however

[2]Copies of a work-sheet, describing in more detail the procedure followed, are available from the author at the Department of Economics, Queen's University, Belfast In order to aid any future research workers in this field, copies will be deposited in the libraries of Queen's University, Belfast, Trinity College, Dublin and University College, Dublin It seems probable that economists are on the edge of a break-through in the estimation of national capital, comparable to that of twenty years ago in national income accounting, this paper must therefore be regarded as a progress report for Northern Ireland rather than as presenting any final conclusions.

situation of the wealth, its component assets, and its distribution by numbers and values between various broad capital-owning groups

The "death duties" method

The principal difficulty involved in estimating aggregate wealth, as compared with aggregate incomes, is simply that whereas incomes are taxed every year—and income tax statistics can thus be used annually as the basis of personal income estimates—personal wealth is taxed only when the owner dies If, therefore, we want to find out the total wealth belonging to the population of a country in any given year, we have to regard the people who die during that year as a random sample of the population as a whole, and the value of the wealth passing on their death as a random sample of the wealth of the living

The initial step is therefore to gross up the capital values of estates coming each year under the notice of the authorities responsible for collecting death duties[3] by a "multiplier" comprising the reciprocal of the death rate for that year To give an example, if such estates had a capital value totalling £1 million in 1950, when the general mortality rate was 1 in 100, then on the assumption that the dead represented a random sample of the living, it could be taken that the estates in the hands of the living were worth £100 millions

This basic exercise is capable of infinite elaboration, depending on the amount of information available For instance, it can be assumed with very little distortion of the facts that people below the age of 25 own no property, a more accurate "multiplier" will therefore be the reciprocal of the death rate for people over 25 only Moreover, if we possess statistics of the numbers and values of estates in each age group over 25 for men and women separately—that is, men aged 25 to 34, 35 to 44 and so on, and likewise for women—then, provided that we have "specific mortality rates" with the same age and sex breakdown, we can calculate a much more accurate "multiplier" For Northern Ireland, it has been possible to make this last calculation in respect of every year since 1957/58 and for a few odd years before then [4]

Some of the more precise difficulties involved in this exercise must now be mentioned The numbers of estates becoming liable to duty each year in Northern Ireland are comparatively small, totalling fewer

[3]As from the beginning of the financial year 1922/23, the authority in Northern Ireland has been the Estate Duty Office, Belfast, death duties being "transferred taxes", and in the Irish Republic, the Revenue Commissioners The equivalent authority in Great Britain, and in Ireland until 1922, has been the Commissioners of Inland Revenue, London

[4]For the years before 1954, I have used for Northern Ireland the same method of calculation as was used for the Irish Republic by E T Nevin in *The Ownership of Personal Property in Ireland*, page 6 This involves taking the death rates of the population over 45 only, and correcting them for a small tendency towards over-estimation which had been revealed in the estimates for Great Britain

than 1,800 a year in the past decade This substantially increases the risk that the so-called "sample" of people dying annually and leaving estates of various sizes, will not be random, particularly in the top ranges (over £100,000) where the numbers each year in the 1950s averaged only eight For our purpose, this difficulty can be minimised by averaging the estimates of three years, and taking the average as referring to the middle year of the three

There is the further problem that a number of estates or parts of estates for one reason or another do not get included in the statistics Estates under £100 in value (net of any deductions allowed) have never been liable to duty, often being exempt from such legal formalities as grant of representation, and have therefore never been systematically recorded In all but the final calculation (of the distribution of wealth, in Table VI) only estates over £100 have been considered Furthermore, the exemption limit has been raised several times, to £2,000 in 1946 and £3,000 in 1954 for both Great Britain and Northern Ireland, and to £2,000 in 1951 and £5,000 in 1960 for the Irish Republic, but estimates have been made for those of the exempted estates that are valued at over £100

Another item, which is apparently under-valued, is that of *inter vivos* gifts, by people who in their lifetime hand over possessions to their heirs in order to avoid the payment of death duties However, the donor may die within the statutory period and so fail to avoid duty after all, but in any case a certain proportion of the recipients themselves die each year, and the gifts would be included in their wealth

Some under-valuation of items may also take place, either because of legislative provisions—at various times owner-occupied houses and agricultural land of less than a certain value have been so treated—or because they are concealed from the tax authorities, cash in the dead person's house or small personal possessions are obvious examples. A much more serious gap is the categories of settled property that never come into the statistics at all, namely those held under discretionary trusts and those covered by surviving spouse exemption. Although it is plain that since the 1940s the proportion of settled property actually paying duty to total dutiable property has been steadily falling,[5] no adjustment for Northern Ireland seems possible at this stage Nevertheless, the under-estimation of personal wealth from death duty sources seems to be substantial and even growing Two pieces of evidence can be quoted Firstly, the percentage of personal income in relation to personal wealth has in Great Britain risen only slightly from 34 per cent in 1946 to 37 per cent in 1960, whereas in

[5]In Northern Ireland, for residents, the percentage has been nearly halved, from 16 2 per cent in 1948 to 8 8 per cent in 1960

Northern Ireland the equivalent figures are 32 per cent in 1946 and 52 per cent in 1960 Secondly, for the Irish Republic, E T Nevin[6] has suggested that his estimate of £790 millions for net personal wealth in 1953-55 is "probably something of the order of £600 to £700 million too low", largely because of a "serious undervaluation" of agricultural land and stock

These problems and limitations, however formidable they may appear, do not by any means destroy the value of the present exercise The calculations are here presented in a relative form, to permit comparison over time and between the three territories of the British Isles in which we are interested, and in this way the drawbacks of the absolute gaps in our knowledge are minimised

Total personal wealth 1920-60

Nevertheless, we must begin with some absolute figures, of gross personal wealth for Ireland as a whole, and for Northern Ireland and the Irish Republic, at various dates between 1920 and 1960,[7] and also the wealth per head of the population over 25 The figures, which are given in Table I, cover all estates over £100 net coming under the notice of the authorities, but no adjustments have been made to allow for the under-valuation or omission of the various items, such as cash [8]

TABLE I —IRELAND—TOTAL PERSONAL WEALTH (GROSS) 1920-60

Year	Gross Personal Wealth (£mns)			Gross Wealth per Head (£) (population over 25)		
	All Ireland	Northern Ireland	Irish Republic	All Ireland	Northern Ireland	Irish Republic
1920	614	—	—	275	—	—
1924	670	238	432	299	360	262
1938	813	308	505	347	432	310
1949	1,315	501	814	538	640	490
1954	1,419	517	902	587	656	554
1960	1,797	746	1,051	765	934	677

Sources See Appendix I

[6]*The Ownership of Personal Property in (the Republic of) Ireland* (Dublin, 1961) page 18

[7]These dates have been chosen for their significance, 1920 and 1924 being just before and after partition, 1938 immediately before the Second World War, and 1949 as soon after the war as the statistics permit The year 1954 preceded the great rise in values of the middle and late 1950s, while 1960 is the latest available date In all cases, as explained above, the figures are averages of those for the three nearest financial years

[8]The estimates of gross personal wealth in Northern Ireland for 1949 and 1960 are about £100 millions lower than those for 1950 and 1959 respectively, as given in Appendix II of my paper "Personal Savings in Northern Ireland 1950/51 to 1959/60", read to this Society in Belfast on 26th February 1962 As my estimates in that paper were in respect of two recent years which were fairly close together, I was able to make approximate adjustments for the omitted or under-estimated items described above As it would not be practicable to do this with any degree of accuracy to cover the whole period both for Northern Ireland and for the Irish Republic, the results in Table I are left unadjusted, with the caution that broad relative trends rather than absolute values need to be studied

TABLE II —IRELAND—REAL PERSONAL WEALTH (GROSS) 1920-60

Index Numbers (1924=100)

Year	Real Personal Wealth (Gross)			Real Wealth per Head (Gross)		
	All Ireland	Northern Ireland	Irish Republic	All Ireland	Northern Ireland	Irish Republic
1920	73	—	—	73	—	—
1924	100	100	100	100	100	100
1938	134	142	129	128	132	130
1949	116	119	113	106	101	119
1954	100	100	100	93	101	89
1960	116	127	109	111	105	116

Sources *See* Appendix I

Table II shows how personal wealth has changed in real terms over the same period The figures in Table I relating to each separate year have first of all been deflated by the cost of living index for that year, and then expressed as a percentage of the 1924 figures Nineteen twenty-four has been taken as the base year because, as the average of 1923/24, 1924/25 and 1925/26, it is the first year for which we have comprehensive data for Northern Ireland and the Irish Republic separately The cost of living index, which takes into account chiefly price changes in consumer goods, is not an entirely satisfactory method of arriving at figures of real wealth, but except for some incomplete indices relating to house property, there is practically no information available on movements in the prices of capital goods Nevertheless, as an approximation it can be taken that capital goods prices will vary broadly in line with those of consumer goods, although often with some time-lag

The general picture given by these two tables seems clear enough By 1939, there had been a considerable increase in both aggregate real wealth and in real wealth per head in Ireland, the latter increase, of about 30 per cent , being remarkably similar for both Northern Ireland and the Irish Republic No doubt this reflects the rise in real values during the deflation which followed the post-war boom of 1920, and also the comparative ease, owing to the relatively low tax rates of those days, with which property owners could acquire wealth

On the other hand, since 1945 there seems to have been a decline in the real value of personal wealth This is in part a defect of the death duty statistics of capital values, which are kept artificially low because of the increasingly prevalent habit, referred to above, of the property owner's placing his wealth out of the tax authorities' reach by such devices as deeds of settlement At the same time, however, the volume of actual wealth has almost certainly failed to keep pace with inflation, notably in Northern Ireland, where general price rises have been greater than those in the Irish Republic It has already been mentioned how the prices of capital goods often take time to catch up with changes in consumers' goods prices, in addition, a higher proportion of national wealth is now in the hands of the State and of joint-stock companies rather than of persons as compared with 1939 [9] In particular as partnerships and unincorporated businesses have given way to incorporated companies, so profits have been partly retained instead of being fully distributed, especially in times of dividend restraint such as the first decade after the war, the value of undistributed profits is only to a limited extent reflected in share prices [10]

Situation of personal wealth

So far we have been looking at the total capital values of all estates that have come under official notice for death duties purposes These estates will include some which belong to non-residents, and which should properly be excluded from any calculations, such as the ones in this paper, that are designed to measure the social progress of the citizens of a territory For Northern Ireland the discrepancy is not a particularly serious one The personal property, such as financial assets and household goods, owned in Northern Ireland by non-residents has been throughout the past forty years an average of only 8 per cent of the total, while the value of real assets—land and property—held in the Province by non-residents is just about balanced by the real assets held outside by residents The measure of comparisons over time that we have used in Table II is therefore probably very little distorted if we want to trace the progress of the inhabitants of Northern Ireland only Whether the same is true for the Irish Republic and Great Britain is not known, as we have no information of the percentages of wealth located in those countries, which belong to non-residents

However, what we do know for Ireland, both North and South, is the situation of wealth, that for the Irish Republic is for all estates, while that for Northern Ireland excludes non-residents Table III sets out the percentage shares of wealth situated in various localities. For a number of reasons, it is not meaningful from an economic point

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[9]The year 1954 has been included for the sake of completeness, but for various technical reasons—notably that the exemption limit in Northern Ireland was raised from £2,000 to £3,000 in November 1954—the results are not entirely reliable Nevertheless, they seem to be broadly correct in showing that the post-war inflation in consumer prices, and the comparatively low rate of private accumulation of capital, were not accompanied by anything like a corresponding rise in personal capital values until the boom in the prices of equities and house property which began in about 1955

[10]See G R Fisher "Some Factors Influencing Share Prices", *Economic Journal* 1961, page 127 ff

of view to use the official analysis of "situation" [11] Instead, an economic breakdown of situation has been supplied here by taking those items of property which are fairly definitely known to be situated in each given locality, these are stocks and shares, mortgages and insurance [12] In so far as other personal assets than those just listed are held outside the country of residence, the percentages of domestic assets given in Table III will be over-estimates and the percentages "abroad" correspondingly under-estimated

TABLE III —IRELAND—SITUATION OF PERSONAL WEALTH

(Percentages)

Ireland	1920
Situated in	
Ireland, U K	94 8
Commonwealth	3 1
Abroad	2 1
TOTAL	100 0

Northern Ireland	1924	1938	1949	1954	1960
Situated in					
N Ireland	66 2	58 0	65 7	63 5	64 8
Gt Britain	29 8	37 0	31 7	32 9	32 5
Irish Republic	3 1 (with Commonwealth)	2 9 (with Commonwealth)	0 7	0 7	0 5
Commonwealth			1 5	2 6	1 2
Abroad	0 9	2 1	0 4	0 3	1 0
TOTAL	100 0	100 0	100 0	100 0	100 0
Irish Republic					
Situated in					
Irish Republic	66 5	70 2	74 2	80 7	76 5
Gt Britain	28 7	26 5	23 7	17 7	21 6
N Ireland	0 6	0 7	0 5	0 1	0 3
Commonwealth	2 8	2 0	1 1	1 1	1 0
Abroad	1 4	0 6	0 5	0 4	0 6
TOTAL	100 0	100 0	100 0	100 0	100 0

Sources *See* Appendix I

On the basis of Table III, we can say with some confidence that for Northern Ireland, the relative proportions of wealth situated in various places have remained fairly constant For the Irish Republic, on the other hand, there has been over the years a definite rise in the amount of wealth retained at home, this is particularly noticeable in the case of stocks and shares, as private individuals in the Republic have increasingly tended to prefer investment in Irish bonds to investment in British Government securities and company shares

One remarkable feature in the Table is the very small percentages of assets held by citizens of Northern Ireland and the Irish Republic respectively in the other's territory, similarly, the proportion of assets

[11]For a discussion of this problem, and of many other related matters, see K S Isles and N Cuthbert, *An Economic Survey of Northern Ireland* (1957) page 461 ff

[12]For Northern Ireland, insurance is attributed wholly to Great Britain throughout but for the Irish Republic in respect of the years 1949 and after, it is divided in equal parts between Great Britain and the Irish Republic

in Northern Ireland (chiefly stocks and shares) held by residents of Great Britain is probably less than 0 1 per cent of the whole [13]

Composition of personal wealth 1920-60

After investigating the totals of personal wealth for the various territories at selected dates, we must now see what have been the main components of wealth, and how they have changed over the years They are therefore set out, in percentage form, in Table IV, the principal division being into financial assets—of all kinds from money to stocks and shares—and physical assets, which are mainly land, property and household goods

In Ireland as a whole, financial assets have comprised between a half and two-thirds of all personal wealth Except for a rise in 1938, which was probably due to the depression in agricultural values at that date, the proportion of financial assets to total wealth seems to have remained fairly constant throughout the whole period

As might be expected, Great Britain, being more heavily industrialised, has a still higher proportion of financial assets, amounting to three-quarters of all wealth, or a fairly constant 8 per cent above the Irish figures [14] A larger percentage of British wealth is in the form of securities and less in cash and bank deposits, and land and property generally Northern Ireland comes mid-way (or more accurately, two-thirds of the way) between Great Britain and the Irish Republic, the South of Ireland having a lower percentage of securities but a marginally higher percentage of cash and bank deposits than in the North The averages are set out in Table V

Distribution of personal wealth

The final question that we have to examine—how far have inequalities in the distribution of personal wealth increased or diminished since 1920?—is in some ways the most crucial in our inquiry, as having important implications for social and economic policy in the Province Unfortunately the calculations are the most hazardous of all to make, for two reasons in particular Firstly, as stated above, the sample of estates at the top of the scale is so small that if one owner or several owners with very large estates happen to die or not to die during a given year (thus upsetting the assumed random pattern of deaths in

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[13]See 104th *Report of Commissioners of Inland Revenue* 1960/61 (Cmnd 1598) Table 126, pages 156-8

[14]The data for Great Britain have been taken from a number of sources, all of which up to 1960 were unofficial ones (For details, see Appendix I) For the year 1960, however, the first official estimates of personal wealth were included in the Inland Revenue report referred to in footnote 13, these estimates were based on finer classifications than hitherto, and some items—notably insurance, company shares and household goods—are not strictly comparable with the earlier figures

TABLE IV.—GREAT BRITAIN, NORTHERN IRELAND AND IRISH REPUBLIC—COMPOSITION OF GROSS PERSONAL WEALTH, 1920–1960
(percentages)

Item	1920		1924			1938			1949			1954			1960		
	Ireland	Great Britain	Northern Ireland	Irish Republic	Great Britain	Northern Ireland	Irish Republic	Great Britain	Northern Ireland	Irish Republic	Great Britain	Northern Ireland	Irish Republic	Great Britain	Northern Ireland	Irish Republic	Great Britain
Financial Assets																	
Government & municipal stocks	11	19	17	14	22	18	17	21	16	11	21	16	10	20	12	10	11
Company shares	25	27	23	23	30	29	28	35	27	26	31	24	26	28	29	23	21
Insurance	3	3	3	3	3	4	3	4	3	3	3	3	3	3	3	3	11
Cash and bank deposits	11	8	10	11	7	11	14	8	14	14	12	15	15	14	15	17	13
Mortgages	5	7	7	5	8	4	4	8	3	4	6	5	5	8	5	4	8
TOTAL FINANCIAL ASSETS	55	64	60	56	70	66	66	76	63	58	73	63	59	73	64	57	64
Physical Assets																	
Household goods, trade assets etc	16	10	9	14	9	8	7	7	8	12	9	9	10	8	9	10	16
Land, household property and buildings	29	26	31	30	21	26	27	17	29	30	18	28	31	19	27	33	20
TOTAL REAL ASSETS	45	36	40	44	30	34	34	24	37	42	27	37	41	27	36	43	36
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Sources *See* Appendix I

TABLE V —GREAT BRITAIN, NORTHERN IRELAND AND IRISH REPUBLIC—PERCENTAGES OF GROSS PERSONAL WEALTH

(Averages of all years shown in Table IV)

	Great Britain*	Northern Ireland	Irish Republic
Financial Assets	71	63	59
of which —			
Stocks and shares	51	42	38
Cash and Bank Deposits	7	13	14
Physical Assets	29	37	41
of which —			
Household goods	8	9	11
Land, property etc	21	28	30

*including 1920 but omitting 1960 (see footnote 14)

Sources *See* Appendix I

the relevant capital group), then the derived estimates of capital values in that group will be severely affected

This problem can to a certain extent be overcome by three-year averages, but some distortion is bound to remain Secondly, we have next to no data of estates valued at less than £100, these have been excluded in Tables I to V above, but need to be introduced for the present investigation

The *numbers* of estates under £100 can be estimated easily enough by subtracting from the total population over 25 all owners of estates valued at over £100 Some of the residual number thus obtained, will own no property at all, or else the value will be a negative one, if they die in debt,[15] while the value of the property held by others will vary from a few pounds to just under £100 The aggregate *values* of estates under £100, on the other hand, can be guessed at only on the risky hypothesis that all—or some proportion—of persons over 25 whose estate is known to be below £100 has an average estate of (say) £50

In Northern Ireland, the people who have no estates at all are here assumed to comprise (*a*) half the non-working married women, (*b*) all persons who have been unemployed for more than 13 weeks, and (*c*) those in Social Class V (unskilled workers, including farm labourers) Similar assumptions, in so far as the published statistics allow, are made for the Irish Republic They are of necessity very approximate, however, if it should seem that the exempted classes are thereby being over-estimated, or alternatively, grossly under-estimated, it must be pointed out that the difference made to the estimates of capital values by

[15]Until about 1940, the Revenue Commissioners of the Irish Republic used to publish figures of the numbers of insolvent estates and estates below the exemption limits coming to their notice, showing gross values, debts, etc Regrettably, this useful information is no longer provided

assuming that the persons with estates averaging £50 each numbered (say) 250,000 rather than 500,000 is only marginal—less than 1½ per cent of the whole

Table VI shows the distribution of estates in Northern Ireland, the Irish Republic and Great Britain by numbers and values of estates, for the same years as in the earlier tables In order to facilitate comparison between years, the percentages are cumulative Unlike the figures for Northern Ireland and the Irish Republic, which are on a comparable basis throughout, those for Great Britain (as is shown in Appendix I) are derived from different authorities who all used their own individual bases of calculation, so that only broad generalisations are possible Nevertheless, it seems to be true that whereas in the 1920s, well over 90 per cent of the adult population of both Great Britain and Northern Ireland each had less than £1,000 in wealth, this figure has now fallen to about 80 per cent The results for the Irish Republic apparently show a less marked fall from 95 per cent to 90 per cent

TABLE VI — GREAT BRITAIN, NORTHERN IRELAND AND IRISH REPUBLIC—DISTRIBUTION OF ESTATES BY CAPITAL GROUPS 1920-60

(Cumulative percentages)

	Numbers						Values					
Northern Ireland	1920	1924	1938	1949	1954	1960	1920	1924	1938	1949	1954	1960
Estates valued at —												
More than £100,000	0 03	0 02	0 03	0 04	0 03	0 05	11 3	9 8	15 5	13 5	7 7	7 7
,, ,, £25,000	0 2	0 2	0 2	0 3	0 4	0 5	28 9	32 1	32 6	31 8	25 0	27 0
,, ,, £10,000	0 6	0 6	0 7	1 2	1 4	2 1	45 3	50 1	49 0	49 4	44 0	50 2
,, ,, £5,000	1 3	1 2	1 5	2 8	3 2	4 5	57 2	62 2	61 6	64 4	59 3	65 5
,, ,, £1,000	4 9	4 5	5 8	11 4	12 5	18 5	80 8	82 8	83 9	86 8	87 3	90 9
,, ,, £100	21 6	16 8	21 0	26 8	28 1	34 1	95 7	95 7	97 4	97 1	97 0	97 6
All estates	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0
Irish Republic												
More than £100,000	0 03	0 02	0 02	0 04	0 03	0 02	11 3	7 4	4 5	7 9	9 7	5 3
,, ,, £25,000	0 2	0 2	0 2	0 3	0 3	0 4	28 9	30 1	20 7	27 1	28 7	24 1
,, ,, £10,000	0 6	0 6	0 7	1 2	1 2	1 4	45 3	46 5	36 6	45 6	46 1	43 9
,, ,, £5,000	1 3	1 3	1 5	2 6	2 7	3 1	57 2	59 0	50 7	60 1	60 8	60 3
,, ,, £1,000	4 9	5 0	6 3	9 1	9 8	10 1	80 8	79 8	76 9	82 2	81 4	80 4
,, ,, £100	21 6	20 9	25 5	30 3	31 5	30 3	95 7	95 8	96 3	95 6	95 1	96 1
All estates	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0
Great Britain												
More than £100,000	0 07	0 11	0 05	0 06	0 06	0 12	27 7	28 4	21 9	17 5	14 1	13 0
,, ,, £25,000	0 5	0 6	0 4	0 5	0 5	1 0	49 6	50 1	41 2	35 1	32 7	34 2
,, ,, £10,000	1 2	1 6	1 0	1 5	1 6	2 8	64 6	65 7	55 9	51 6	50 1	49 6
,, ,, £5,000	2 3	3 0	1 9	3 3	3 4	5 7	74 3	75 7	65 9	64 0	62 4	60 7
,, ,, £1,000	7 3	9 4	7 2	8 1	15 3	20 1	88 9	89 8	76 3	79 3	85 4	84 7
,, ,, £100	21 1	26 2	25 6	35 7	54 2	56 8	95 6	96 0	94 9	94 1	98 3	98 2
All estates	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0

Furthermore, while in the 1920s just over one half of one per cent of adults in the three territories—those in Great Britain all being in the over £25,000 capital group and those in Northern Ireland and the Irish Republic in the over £10,000 group—owned 50 per cent of total personal wealth, this 50 per cent was in 1960 shared among just under 3 per cent, in the over £10,000 group, in Great Britain, and between roughly 2 per cent both in Northern Ireland—all in the over £10,000 group—and in the Irish Republic—all in the over £8,000—£9,000 group

What we are in fact seeing in the Table is two distinct effects at work on the one hand a fall in the inequalities of wealth as a result of Government policy, and on the other hand a tendency, due primarily to inflation but also to the growth in real wealth, for some people to move from one capital group into a higher one Accordingly, we would expect to see a rise in the percentages of *numbers* of all estates above £100 in value, and as regards the *values* of estates, a fall in those of the highest capital groups (through the operation of the first effect), stationary values in the middle capital groups (as the second effect offsets the first) and rising values in the lower capital groups (because of the predominance here of the second effect) This is in fact the pattern that seems to be revealed for Northern Ireland since 1924, on the other hand, for the Irish Republic, we appear to find the values in the highest groups falling, but those of the others stationary, and in Great Britain, the values in all groups—except that in the over £100 group—falling Various tentative explanations could be put forward for these phenomena, but until some intensive study has been made of the whole problem,[16] these would be of little value Nevertheless, the fact remains that even to-day, nearly two thirds of the adult population of Northern Ireland appear to own less than £100 a head in wealth, and what they have amounts to less than two and a half per cent of total personal wealth

Conclusions

The main point to emerge from the above survey of Northern Ireland's personal wealth over the past forty years is that while it has in aggregate appeared to have grown over three times in money values, and over two and a half times per head of the adult population, yet in real terms the increases overall and per head have been very much more modest However, the picture might be more favourable if we had particulars of all the wealth that at present escapes the statistical net

[16]For instance, by linking each capital group with its corresponding income group See A M Cartter "A New Method of Relating British Capital Ownership and Estate Duty Liability to Income Groups" *Econometrica* 1953, p 247

On the whole there has been little change throughout the whole period in the proportion of this wealth either belonging to Northern Ireland residents or invested outside the Province. As that invested outside exceeds the proportion invested in Northern Ireland by non-residents, this supports earlier findings[17] that a substantial proportion of such savings—perhaps as high as 40 to 50 per cent in the 1950s—have been channelled outside the Province.

Nearly two-thirds of the wealth belonging to people in Northern Ireland is in the form of financial assets. As the greater proportion of these, such as stocks and shares and insurance, are held directly outside there will be a tendency towards a proportionate outflow of this wealth. Slightly more money seems to be held than before the war, but the percentage is not quite as great as in the Irish Republic. There has been a small decline in the proportionate amount of land, property and buildings held, this may possibly be due to the conservative valuation of such assets by the taxation authorities, as in both the Irish Republic and Great Britain the revived prosperity of agriculture since 1945 has increased this item's share of the whole.

As for the distribution of wealth, some movement towards the reduction of inequalities seems to be apparent, but it is difficult to be certain about this, partly because of the difficulties of estimating the least wealthy groups and partly because of the extremely small numbers that are made to act as samples in the highest groups. We can only agree with two recent writers on this topic,[18] who stated that "despite the various attempts that have been made to discover the facts about the distribution of capital in (Great) Britain, the most striking aspect of this subject is the statistical darkness which surrounds it." It is to be hoped that this statistical darkness, which—as has been shown above—overhangs Northern Ireland as much as Great Britain, will soon be finally dispersed.

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[17]See Isles and Cuthbert, *Economic Survey of Northern Ireland*, pages 162 ff. and my previous paper *Personal Savings in Northern Ireland* 1950/51 to 1959/60 (February 1962) page 8 ff.

[18]H. F. Lydall and D. G. Tipping "The Distribution of Personal Wealth in (Great) Britain", *Bulletin of the Oxford Institute of Statistics* 1961, p. 83.

APPENDIX I

Sources of Tables

Except where otherwise stated, the basic data were derived from the following sources —

Ireland (pre-April 1922) *Reports of Commissioners of Inland Revenue* (63rd Report H M S O London, Cmnd 1083, for 1919/20, and annually thereafter)

Northern Ireland Unpublished figures, kindly provided by the Estate Duty Office, Belfast Some figures for various years of the capital values of estates, classified by size of estate, are contained in the *Ulster Year Books*, published at roughly three year intervals from 1926 (H M S O, Belfast, 1926) onwards Some data for the years since 1948/49, and more comprehensive data from 1958/59 onwards, can be found in the Government of Northern Ireland *Digest of Statistics* (H M S O, Belfast, half-yearly) No 12, September 1959 and later issues

Irish Republic Annual *Reports of Revenue Commissioners* (Stationery Office, Dublin) from 1923/24 onwards

N B The data for the financial year (e g 1920/21) are taken here as applying to the nearest calendar year (in this case 1920) owing to the inevitable delay between death and the grant of representation or the first payment of duty This interval has usually in the past been assumed to be three months, but is now believed to be four months (see 104th *Report of Commissioners of Inland Revenue* 1960/61 (Cmnd 1598) p 154) The whole question of the length of the interval is critically examined, with special reference to the Irish Republic, in E T Nevin *The Ownership of Personal Property in Ireland*, p 18

Table I *All Ireland* 1920 Average of 1920/21 and 1921/22 figures—see 64th and 65th Inland Revenue Reports The 63rd report unfortunately has incomplete data, running for July 1919 to March 1920 only, which cannot be grossed up satisfactorily

Subsequent years Total of "Northern Ireland" and "Irish Republic" (columns 2 and 3, and 5 and 6 of Table I)

Northern Ireland Estates under the exemption limits (£2,000 from 1946 to 1954 and £3,000 from 1954 to 1962) method of estimation—see Isles and Cuthbert, *Economic Survey* page 485, supplemented by a further sample survey of all estates under £3,000 in 1958/59

All years=averages of stated (financial) year and of the preceding and following year, e g 1924=average of 1923/24, 1924/25 and 1925/26

Irish Republic Estates under the exemption limits (£2,000 from 1951 and £5,000 since 1960) method of estimation—see E T Nevin

Ownership of Personal Property p 6 His own percentages of individual assets (see *ibid* p 20) have not been used here, as they seem to overestimate the proportion of real estate, but instead the average percentages of the three years 1948/49—1950/51, preceding the rise in the exemption limit, have been taken

All years=averages of stated (financial) year and of the preceding and following year, except for 1960=average of 1959/60 and 1960/61 only (1961/62 data not yet published)

Population Statistics Total of persons over 25 has been estimated from the nearest Census, e g 1920, by interpolation between 1911 and 1926 1924=1926 Census figures 1938=1937 Census (Northern Ireland) and 1936 Census (Irish Republic) 1949=1951 Census 1960=1961 Census 1954, by interpolation

Table II Real Wealth=deflated by Cost of Living Index

Ireland (for 1920) and Northern Ireland U K Cost of Living Index *London and Cambridge Economic Bulletin* (Times Review of Industry, March, June, September and December, annually) p xiv Statistical Table 29 "Consumers' Expenditure Average Value Index"

Irish Republic Irish Free State *Statistical Abstract* (p No 516, 1931) Table 219 "Cost of Living Index Numbers", and later Abstracts

Table III As above

Table IV Northern Ireland and Irish Republic As above

Great Britain (Note caution on p 24 above) 1924 (actually 1925/26) J Wedgwood *The Economics of Inheritance* (Penguin Books Ltd 1939) p 275 1938 (actually 1936) H Campion *Public and Private Property in Great Britain* (1939) p 104 1949 93rd *Report of Commissioners of Inland Revenue* 1949/50 (Cmnd 8103) 1954 (average of 1953–55) E V Morgan *The Structure of Property Ownership in Great Britain* (1960) p 74 1960 104th *Report of Commissioners of Inland Revenue* 1960/61 (Cmnd 1598) p 154

Table V Derived from percentages in Table IV

Table VI Northern Ireland and Irish Republic As above, with estimates for estates under £100, as described on p 23 above

Great Britain 1924 (actually 1924/25) Wedgwood *Economics of Inheritance* p 102 1938 (actually 1936–38) K Langley "The Distribution of Capital in Private Hands in 1936–38 and 1946–47" *Bulletin of Oxford Institute of Statistics* 1951, p 45–6 1949 (actually 1946–50) A M Cartter *The Redistribution of Income in Post-war Britain* (1955) p 146 (Results for 1938 and 1949 are usefully summarised in Carr-Saunders, Caradog Jones and Moser *A Survey of Social Conditions in England and Wales* (sic) (1958) p 176) 1954 (actually 1951–56) Lydall and Tipping "The Distribution of Personal Wealth in (Great) Britain" *Bulletin of Oxford Institute of Statistics*

1961, p 89 These actually refer to persons aged 20 or over, as being "more realistic" than the other estimates, which include only persons over 25 Workers in this field will sympathise with their remark "We cannot say how reliable these final estimates are, we can only say that we have studied them in detail and from every angle, and that they represent the best that can be done with the existing—very limited—amount of information available" (*ibid* p 103) 1960 Based on 104th *Report of Commissioners of Inland Revenue* 1960/61 p 122-3

DISCUSSION

Mr Norman Cuthbert said it gave him great pleasure to propose a vote of thanks to the speaker for a most interesting and enjoyable paper There had been a considerable labour in preparing the estimates of personal wealth The problems of making even rough estimates of personal wealth in Northern Ireland are very great People ultimately fall back on the estate duty multiplier method of approach He never felt entirely happy about this It was probably a reasonably good method for getting figures of personal wealth He could not help feeling that when changes are taking place with regard to *inter vivos* gifts—the extension of the period from three to five years what is the likely effect of that In theory it should be all right but there is always the possibility if people make these gifts that they will do so with greater knowledge Solicitors who give advice are more and more aware of the possibilities of *inter vivos* gifts, and more of these may occur at any particular time In a period of change—some time in the fifties—he wondered if this affected those estimates of wealth In the middle fifties there was a considerable rise in share values and he thought this would have had a greater effect on the estimates There was another factor That section of the population who own wealth might not be subject to the same death rate as would occur in the population as a whole They were better fed, better preserved, etc This might affect the estimates Mr Cuthbert also said it was not an entirely happy idea to use the index of retail prices for reading these capital values into real terms It is very difficult to get an index of capital Perhaps some sort of index covering indexes of house values, shares, building societies, etc —a composite index of capital values would be better The result you might get here would be rather different if such an index had been obtainable

These were rather niggling criticisms No one knew better than Mr Corley the limitations of such an exercise His was the first attempt to be made to get some idea of personal wealth in Northern Ireland He had broken new ground and Mr Cuthbert expressed the hope that Mr Corley's working papers would be left in the Economics Dept There was a need for more detailed working papers, if someone else is to build on them Someone might use a different technique to make new estimates Only in this way could more accurate estimates be made He congratulated Mr Corley on the paper he had prepared

Dr A T Park said he would also like to thank Mr Corley for filling up a gap in available statistics He thought the estimate of £790m was possibly 100% in error If this is correct then the statistics were not good, although it was better to have bad statistics than none This is a small section of the whole paper The other statistics are of great interest In Table II he found it difficult to think there was only a 5% rise compared with 1924 He would have thought that real incomes had increased, e g , house ownership had increased This is another example where statistics are a bit underestimated Taking the retail price index is not satisfactory, and there should be other indices more appropriate He was not happy about the use of the Estate Duty Statistics He was, however very glad that Mr Corley did this work and produced a very interesting paper He hoped that he would have the courage to go on after this and add to what he has done It can no longer be said that no attempt has been made to get estimates such as these He had much pleasure in seconding the vote of thanks.