# The evolution of wealth

## “Wela”

**is an Old English (pre 1150) term meaning bliss or prosperity.**

**It forms the root of two current English words, whose meanings have diverged:**

**weal** **wël/n**

*the state of being well (literary or archaic);*
*a sound or prosperous state;*
*welfare; commonwealth (obs).*

[OE WELA]

**wealth** **welth/n**

*valuable possessions of any kind;*
*the condition of being rich.*

[ME WELTHE, FROM WELE, FROM OE WELA]

THE CHAMBERS DICTIONARY

Tribe | A NEW WEALTH ORDER

FOREWORD

# "The power to connect and change lives through wealth is extraordinary.

From my own experience, it was co-founders of The Body Shop, Gordon Roddick and Dame Anita, who gave us the money to build The Big Issue. Without their wealth, their patience and their trust, there would have been no Big Issue magazine. No vendors, no social change. No Big Issue Invest, investing £30m in more than 300 social businesses across the UK. And no International Network of Street Papers, with 6m readers in over 100 countries, spreading the mission of helping people through hand-ups, not handouts.

The unfortunate thing about wealth is how it is poorly understood, mistrusted and hidden from sight.

The environment of wealth does not help. It is unevenly distributed, like a badly made bed, with big lumps at one end and nothing at all at the other.

But wealth used astutely is as useful as water in a desert; and just as life-enhancing."

LORD JOHN BIRD

THE EVOLUTION OF WEALTH

# An introduction

A dictionary defines not only words, but our culture as well. And if you take a look at Chambers, you'll find clues as to a dramatic change in the way we use the word 'wealth': from "a state of being well" to "the condition of being rich".

Why is this important? Wealth has played a central role in our development as a species. As psychologist Peter Collett explains, "We measure out our lives in what things cost, how much money we've got, and what we and other people earn. Homo sapiens, the thinking ape, has evolved into the Homo pecuniae, the money monkey."

"For other species, rank is usually ordered according to factors like physical strength, but ours is largely organised through wealth." How did we get to this point? How has our thinking about money and wealth changed?

In answering these questions, we'll see how wealth has been generated and stewarded, how this reflects on who we are, and how important this is to our future.

*Homo sapiens, the thinking ape, has evolved into Homo pecuniae, the money monkey*

PETER COLLETT

## THE EXPERT PANEL

In helping us to answer these questions, we've been able to draw upon an extraordinary panel of experts. We're very grateful to them for their time and help:

**PHILIP BERESFORD**

AUTHOR, RESEARCHER, HISTORIAN

In 1989 Philip wrote the Sunday Times' first Rich List and then compiled it continuously for 28 years. He is also the author of '250 Richest Britons since 1066'.

**LORD JOHN BIRD**

POLITICIAN, ENTREPRENEUR

John is the founder of The Big Issue magazine, which sold its 200 millionth copy last year. He was appointed to the House of Lords in 2015 as a crossbencher.

**DAME FRANCES CAIRNCROSS**

ECONOMIST, ACADEMIC, AUTHOR

Frances held senior positions at The Times, Economist, and Guardian. She is the Chair of Court at Herriot Watt University and a former Rector of Exeter College Oxford.

**DR PETER COLLETT**

PSYCHOLOGIST, AUTHOR, BROADCASTER

Peter is a former don at Oxford University's Department of Experimental Psychology. As well as an author, he was also the resident psychologist on the first 4 series of Big Brother.

**BETTANY HUGHES**

HISTORIAN, AUTHOR, BROADCASTER

Bettany has written and presented over 50 documentaries; her programmes have been seen by over 250 million worldwide. She's one of BBC's 100 Global Women.

**JAMES PERRY**

ENTREPRENEUR, PHILANTHROPIST

James was the chairman and co-founder of COOK Food. In addition to being the CEO of Panahpur, he is also the co-chair and co-founder of B Corps UK.

THROUGH THE LOOKING GLASS

# Wealth over time

Rather than look at wealth as a continuous part of our history, we asked our experts about some of the critical moments in time. We looked at four such points which allowed us to understand what it meant at that time, how it's changed, and how this might help us understand the future. The future, not just of wealth, but more broadly for us all. Because what we found is that wealth is in fact a looking glass: as Dame Frances Cairncross explains, "wealth reflects our cultures and our society".

1500 BC
SACRED

500 BC
COMMON

1000 AD
MIGHT

1500 AD
BROKERED


During the European Bronze Age, people started to gather together in settlements which would later become city states. It's during this period that we have plenty of evidence that possession of beautiful things is important.

For example, the jade hand axe found near Canterbury is a deliberate reference to the tool used for work. The tool was essential in clearing forests for settlements and in making other materials. The jade axe isn't meant to be functional: it's clearly never been used. And Jade isn't found anywhere in the British Isles. In fact, it's likely to have come from the Alps. As Bettany Hughes explains, the axe has "**a near religious status**, as we can see from them being buried in a sacred context. And as faith was a lot less formalised, there is a sense that these beautiful items have been offered up by the earth".

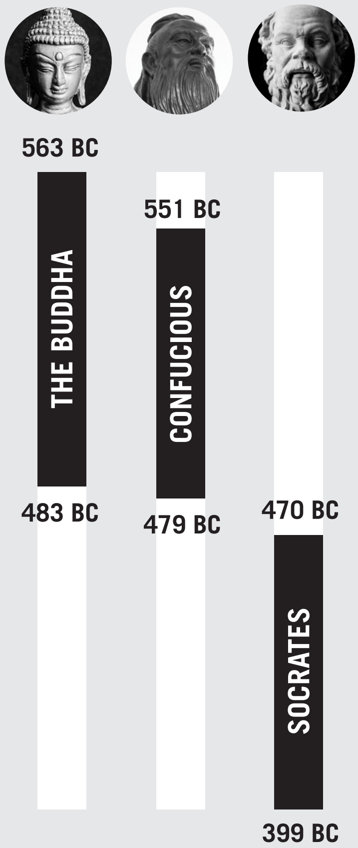
In this time before money, wealth wasn't financial but sacred. We can still see this concept in some of today's indigenous communities, who see wealth as having an inherent value as opposed to being able to produce value.


Around the 6th Century BCE coins emerged in Lydia, now a part of modern Turkey. Within a couple of hundred years the concept was imported to Britain by the Belgica, a Celtic tribe from Northern France. This had a dramatic effect on the island and its people.

At the time our island was run by chiefs and warlords. In addition to political control, they also monopolised wealth and power. The emergence of coinage suddenly made it much easier for the common people to become economic actors.

Wealth was no longer the preserve of a small group: it could now be deconstructed, exchanged and democratised. As Bettany points out, "we witness **the empowering nature of wealth**, allowing individuals to have an impact on their world".

AN ANCIENT VIEW




The Buddha, Confucius and Socrates: three of the most influential thinkers in human history. What's less well known is that all three lived thousands of miles apart yet within a few years of one another. Bettany's investigation found all three were "great thinkers from the ancient worlds whose ideas still shape our lives".

This was a time when rationality began to override superstition and belief. All three were investigating what it means to be human. They all recognised that "none of us operate in isolation. It isn't that man is the measure of all things, but man's relationship with man. The pursuit of wealth isn't a problem; the pursuit of wealth without virtue is."

1500 BC SACRED

500 BC COMMON

1000 AD MIGHT

1500 AD BROKERED


Fast-forward 1500 years and the British isles had been transformed, predominantly by advances under the Roman Empire. But as the Empire faded the economy in the British Isles collapsed, to be replaced with feudalism. This is a system of strict hierarchy and obligation and, as Philip Beresford explains, money is essential as a "**tool in the exercise of power**".

In his study of who the wealthiest Britons over the past millennium were, Philip found "the most striking impression is the extent to which this was dominated by those from the Middle Ages". These individuals accumulated their assets by capturing and controlling physical resources. Whilst today we talk about soft power and influence, a thousand years ago wealth meant economic and physical might.

Having seen the concept change dramatically already, it's at this point in our study when we can also start to look at the English language to see how the word has evolved - see below.


The Renaissance was a rebirth of beauty and art, as well as the less celebrated birth of banking and brokerage. For the latter, 1602 was an important year as it saw the first public share issuance or initial public offering take place, on behalf of the Dutch East India Company.

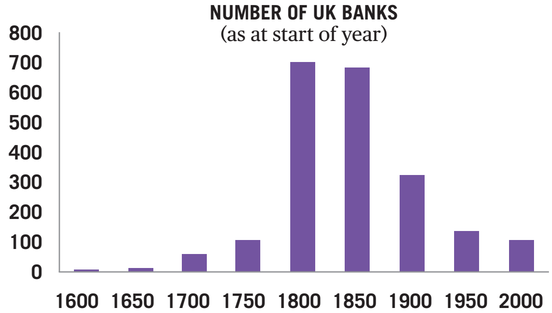
This date also heralded a move away from feudalism to a new economic system: shareholder capitalism. As James Perry explains, "opportunities became so large that they couldn't be financed by an individual, so people got together to share the risk and reward." This lead to an explosion in financial intermediaries which quickly got out of hand. In 1697 the British government passed a law to limit the number of stockbrokers to 100, though this was swiftly breached. There were very few banks in Britain at the time but these mushroomed too: from 0 to over 1,000 just after 1800.

Wealth wasn't controlled by its originators or owners but by their agents. This explosion of shareholder capitalism meant that these "**owners became intermediated out of the system**". Their agents' "fiduciary duty became only a financial one".

Whilst these groups of shareholders led to a boom in the economy, as James points out, "no one asks the question: 'What do these groups of people have in common?' Nothing, other than a desire to make money".

It's no coincidence that the birth of shareholder capitalism happened at the same time as the legal recognition of philanthropy. The first laws governing charity in the UK were written in 1601 under Queen Elizabeth I. So just as wealth generation gears up for disconnected individualism, others recognise that the system needs to be much more interdependent.

**NUMBER OF UK BANKS**
(as at start of year)




## WEALTH IN ENGLISH LITERATURE

| DATE | AUTHOR | TITLE | USE | MEANING |
|---|---|---|---|---|
| 1386 |  GEOFFREY CHAUCER | Merchant's Tale, The Canterbury Tales | *"For wele or wo, she wole hym nat forsake"* | Happiness and prosperity |
| 1609 |  WILLIAM SHAKESPEARE | Sonnet 67 | *"For thy sweet love remember'd such wealth brings That I scorn to change my state with kings"* | Spiritual and economic |
| 1776 |  ADAM SMITH | The Wealth of Nations | *"The real wealth, the annual produce of land and labour of society. The town may be said to gain its whole wealth and subsistence from the country"* | Economic output |

A CHANGING PERSPECTIVE

# Evolving wealth themes

With just four illustrations we've seen how dramatically our understanding of wealth has changed. At the same time, common themes have emerged. By looking more closely at a few of these, we can see how this relationship has changed and what it might become. Can the past help us understand what the wealth of the future might look like?

## CONNECTIVITY
### DISTANCE FROM WEALTH

**WAS SHORT**

Before financial systems emerged, the most common form of wealth was property: something owned and typically held in close proximity, where you could see it. This closeness was still in evidence at the dawn of capitalism. Our word for company was originally from the Latin, *cum panis*: sharing of bread, a ritual carried out amongst close family members.

**NOW STRETCHED**

Finance enabled wealth to reach around the world. British trust law emerged in the 12th century to allow a wealthy noble to keep his property safe while he left to travel on the Crusades. Within a century, debt was being traded in Venice, and then throughout Europe, followed by trading in equity. The noble could now stay at home whilst his money travelled.

As finance became increasingly intermediated, the distance between a wealth holder and their wealth has stretched to the point where today we have little concept of being 'connected' to our wealth.

**WILL BE CLEARER**

This is strange as the financial system, where our wealth sits, is incredibly well connected. But the system is also incredibly complex. So our lack of connectivity is really due to over-complexity and a lack of clarity. Encouragingly, we can see a push for transparency in the system. This is being driven by the next generation of wealth holders, aided by technology such as social media and big data. Clarity is also being offered by new investment opportunities that are aware, and willing to share, their total exposure, footprint and impact.

## JUDGEMENT
### EVALUATION OF WEALTH

**WAS LIFETIMES**

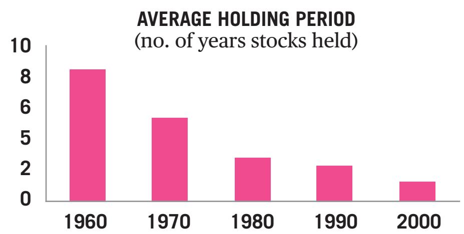
As we've found out, early concepts of wealth were centred around stability - from sacred items born out of the earth, through durable property, to the holistic concept of well-being. Wealth was created and stewarded over lifetimes and across generations.

**NOW SECONDS**

Capitalism has accelerated the opportunities to generate wealth. Amongst the first true capitalists were equity investors. In the UK these included investors in the East India Company, a competitor to the world's first listed business. They would wave farewell to their ships at London's docks, then wait two years to discover whether their investment had paid off.

The modern shareholder works to a very different timescale. By way of illustration, the typical holding period of a share has fallen from around eight years in the 1960s to one year at the start of this century.

From measurements in years, today's algorithmic trading now deals in microseconds.




**WILL BE PATIENT**

Whilst impatience will still be seen by some as a virtue, for others reflection and composure are increasingly important. Rather than seeking immediate short term gains, wealth can be used for longer term sustainable solutions.

## TRUST
### FAITH IN FINANCE

**WAS HIGH**

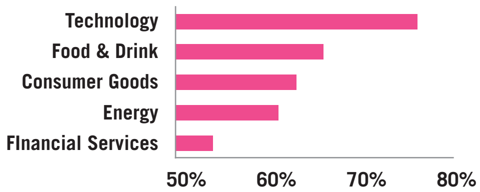
At the core of finance is a paradox: money isn't actually worth anything. As Peter Collett explains, this means "its value is entirely symbolic, sustained by convention and a pervasive social lattice-work of trust". Trust is the cornerstone of the financial system and it can be seen in the history of many of the words we still use: the term credit comes from the Latin, *credo*, I believe.

**NOW LOW**

The damage from the global financial crisis wasn't just monetary, it destroyed the credibility of the sector. Given that the industry is fuelled by something that exists only through trust, it's ironic that international consumer polls show it to be the least trusted industry.

The state has tried to step in using regulation to restore trust. Yet, as James Perry explains, the unintentional consequence is that we've lost the sense of what is right: "markets outsourced their sense of morality to the regulator and their social responsibility to the government".

**INTERNATIONAL CONSUMER TRUST LEVELS**
(% saying they trust each sector)




**WILL BE RECOVERING**

From a low base, trust will slowly return. As we've seen, the state won't be the most influential factor in restoring this. Technology could be though. This will be through more open communication, peer-to-peer reviews, social media and the emergence of innovations such as blockchain, putting trust at the heart of interactions. Coupled with new cultures and new wealth holders, we should see an improved wellbeing in the ecosystem of wealth.

## DISPLAY
### ATTITUDES TOWARDS WEALTH

**WAS CLEAR**

Before the banking system, wealth was stored in physical, tangible objects all of which had important symbolic value. We've seen Peter Collett explain this in the context of evolutionary success, Bettany Hughes as proto-religious authority, and Philip Beresford simply as raw power. In all of these cases, wealth holders took pride in their wealth.

**NOW HIDDEN**

By the 20th Century this pride in wealth was all consuming. In 1899 Thorstein Veblen coined the term "conspicuous consumption" for the ostentatious display of wealth. Whilst it was originally seen as distasteful, such ostentation is becoming even less acceptable given the large and visible wealth disparities and unequal distribution.

At the same time, we struggle to 'see' wealth. It's typically hidden within the financial system. Even cash is disappearing: last year, for the first time, cashless payments overtook the use of notes and coins in the UK.

**WILL BE CONFIDENT**

Wealth has always had the ability to be a force for good. As we've seen, philanthropy has been a part of our legal system for a long time. And even before this individuals have been using business for the benefit of others. The Sir Thomas White Loan Charity, established in 1542, is one of the earliest social enterprises, and mission-driven businesses such as The Big Issue are still thriving today.

Conscientious investing has a more recent precedent and is typically attributed to the Methodists and Quakers in the 1700s. Now sustainable, responsible and impact investing are the fastest growing categories for stewarding wealth. This means that tomorrow's wealth holders will be less shamed and more confident in their assets and how they're being used.

DIMENSIONS OF WEALTH

# From singular to multi

So we can see that wealth has moved from a holistic term to something much more singular today. Accounting has allowed us to measure wealth on a balance sheet. And when it gets measured this way, it gets managed this way. Wealth can only move up or down; it becomes one dimensional.

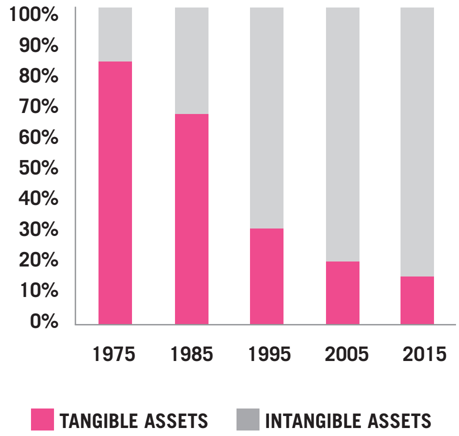
But there's precedent for multi-dimensional wealth. In fact, for many it has never been singular. Throughout history, as the dominating cultures focused on wealth in monetary terms, the cultures they dominated were forced to take an alternative approach. As Frances Cairncross explains, "communities that historically have been persecuted accumulate their wealth in different ways. For these people, it became a necessity that wealth was portable; education being a key form of portable wealth".

In fact, there are many facets to wealth. From the ecological wealth so integral to indigenous communities, to "intellectual property which has become far more important as a store of wealth" for business leaders.

Looking at this over time, the value of these intangible assets held by companies has dramatically overtaken tangible assets. The chart shows this reversal, from 17% of total assets in 1975 to 87% in 2015.

So what might a multi-faceted, holistic relationship with wealth look like?

THE GROWTH OF INTANGIBLE ASSETS
(relative value of US companies' assets)




THE EVOLUTION OF WEALTH

# Our future

Our analysis is alarmingly positive. We've seen how issues have emerged in the relationship we have with wealth, but also how some of these might be resolved. Tomorrow's wealth has the potential to be more connected as the holder has a greater understanding of the impact of their assets. And whilst some will continue to evaluate the success of their wealth in decreasing fractions of time, others will consider a more patient view.

Even trust could be restored, partly as wealth holders can take more confidence, and even pride, in how they allocate and use their assets. At the same time, we'll recognise that these assets aren't just financial.

Whilst wealth holders have a critical role here, so do their supporters. At Tribe we're already seeing engaged wealth holders lead this next evolution. Our clients are empowered by aligning their wealth with the financial returns they need, as well as the change they want to see: their impact. These individuals embody an exciting vision of wealth as a powerful force for good and a new state of well-being.

## ABOUT TRIBE IMPACT CAPITAL

# Tribe is the UK's first dedicated impact wealth manager.

In providing advisory and discretionary investment management, we help our clients to align their wealth with their financial requirements, their personal values, and the change they want to see: their impact.

To find out more, please: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## CHART AND DATA SOURCES


- 2017 Edelman Trust Monitor (Data shows percent who trust each industry, across 29 countries)
- 2016 NYSE (Data shows the average holding period, in years, at the start of each period)
- British and American Banking in Historical Perspective, R Michie & S Mollan (Data shows number of banks at start of each period)
- A History of the World in 100 Objects, N MacGregor
- The Theory of the Leisure Class, T Veblen
- The Corporation that Changed the World, N Robins
- Genius of the Ancient World, BBC
- 2016 Ocean Tomo

Images: Pixabay. Maxpixel & WikiCommons


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