

Over a third of UK's top earners live in London while workers struggle to get by

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Figures from the Institute for Fiscal Studies (IFS) show that London's share of the UK's top one percent of earners has increased by a fifth, from 29 percent in 2000-2001 to 35 percent in 2014-2015. The trend deepens the transformation of the city into a playground for the rich, serviced by an impoverished working class living in a different world.

London represents a grotesque concentration of all the social contradictions and inequities of British capitalism. The longstanding regional imbalance in the development of the UK economy, based on the domination of London as the country's financial and services centre, has forced more and more people into the metropolis. Fully 35 percent of the 2.7 million new jobs created between 2007 and 2017 were in London. The UK2070 commission on regional inequality estimates that London and the South East will account for 55 percent of new jobs created up to 2051 if present demographic and economic trends continue.

The skew towards the capital is especially pronounced in the case of skilled white-collar work. Over half the jobs in London in 2017 were classed as skilled professional occupations, compared to an average of around one in four for the rest of the country outside the South East of England.

Combined, these workers produce an immense amount of value—enough to equip the city with a comprehensive social infrastructure and guarantee everyone in it a high standard of living. This is not the case because the wealth produced is monopolised by an obscenely rich elite.

According to the Trust for London, the city's total weekly income in the 2015-2016 period was £2.4 billion. The top 10 percent of earners received almost a third of this total, more than the bottom 50 percent of earners.

So concentrated is wealth in the capital that while an annual income of £160,000 is enough to put someone in the top one percent of earners nationally, it is not enough even to break into the top five percent in London. More than £300,000 is required to enter the city's top one percent of earners.

The chasm widens further when it comes to wealth. In the period 2012-2014, total wealth in London was estimated at £1.8 trillion. A staggering 52 percent of this is owned by the richest 10 percent of London households. The top 20 percent own 70 percent, while the bottom half own just 5.3 percent.

For the majority of London's workforce, these huge inequities mean a life of struggle just to maintain the basics of an ordinary family life. Amid fantastic wealth, workers in the capital face the same struggle for existence as those nationwide.

Those who fall into low-pay jobs or unemployment are thrown into conditions of near-permanent social crisis, forced to visit food banks or go without meals or heating, living in substandard accommodation or ending up completely homeless.

Even those who would be widely considered as earning a high wage are left struggling.

In 2018, the median yearly salary for full-time employees in London was around £35,000—half earn the same or less and half earn the same or more. This puts them in the top 25 percent of taxpayers nationally, including part-time, self-employed and other forms of work.

However, the cost of living in London transforms this supposedly generous pay packet into close to the bare minimum required to sustain the worker and his or her dependents. Once tax, national insurance, student loan repayments, housing, transport and potential childcare costs are factored in, even starting a family

becomes a serious struggle.

According to Trust for London's Minimum Income Standard, a family of two adults working full-time, a pre-school child and one in primary school would need each parent to earn £28,400 a year each just to maintain a minimum socially acceptable standard of living in outer London. This rises to £31,300 each in inner London and assumes the family is living in social housing. If the family is in the private rented sector, occupying a three-bed property at the lower end of the rent scale, these required incomes rise to £35,610 and £42,000. In other words, the whole middle section of London's workforce is only just getting by.

Buying a house is a pipe dream for whole swathes of the population and places a heavy burden on households ever after. The average deposit paid by a first-time buyer in London in 2018 was £92,833. This has to be saved while paying an average £1,611 in rent each month, with many young adults forced to share a flat for years into their careers. Average monthly mortgage repayments are £2,070, equating to more than half of a typical two-person household income, according to a recent study by comparethemarket.com.

In areas of London where juxtaposition of extreme wealth and poverty is at its sharpest, often those undergoing gentrification, growing demand from the rich jacks up rents to astronomical levels relative to income. In Hackney, average monthly rents are 83 percent of its residents' average monthly salaries. In Brent it is 77 percent, Newham 75 percent and Southwark 70 percent.

Cleaners, caterers, hospitality and restaurant workers, retail staff, council workers, receptionists, gig economy workers, teaching assistants and even nurses are some of the poorest-paid occupations. Of the jobs held by London residents, 22.5 percent were officially classed as low-paid in 2018—below the pitiful London Living Wage of £10.20 an hour, or roughly £19,890 a year. This represents a more than 50 percent increase in the percentage of low-paid workers over the 2010 figure of 14 percent.

The impossible conditions faced by these workers are pointed to by London's deprivation statistics. Over a quarter of Londoners and nearly one in four children in London live below the poverty line. The four areas in the UK suffering the worst levels of child poverty are all in London: Tower Hamlets (56.7 percent), Newham

(51.8 percent), Hackney (48.1 percent) and Islington (47.5 percent). Together with Westminster (46.2 percent), they comprise five out of the ten most child poverty-stricken areas in the country.

These households are just a rung above falling out of society altogether. In 2018, 168,000 of Britain's 320,000-strong homeless population lived in London. In 2018-2019, 8,855 people slept rough, with 100 new people added to the total each week. In the last five years, an estimated 646 homeless people have died on the capital's streets.

The atrocious conditions under which large sections of London society are forced to live were encapsulated in the 2017 Grenfell Tower fire, in which 72 people perished. The disaster, prepared by years of manic profiteering and cost-cutting, took place in the richest borough in London, the Royal Borough of Kensington and Chelsea, just 40 minutes' walk from Kensington Palace.

The average house in one street occupied by the super-rich, Kensington Palace Gardens, costs more than £35 million. London is home to no less than 5,843 "million-pound streets," where the average price of each individual house is £1 million or more. Cheek by jowl with the palatial dwellings of the super-rich, the capital's working class faces a desperate struggle to live.



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