UK workers see 2 pence an hour average wage increase, while pay of richest skyrockets

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As the UK faces uncharted waters post-Brexit, the outlook for millions who constitute the working poor is looking bleak. Two recent reports reveal growing wage inequality and evidence that unemployment rates have been grossly underestimated.

A Trades Union Congress (TUC) analysis of the latest Office for National Statistics (ONS) annual survey of hours and earnings (covering April 2018-2019), reveals the wages of the less well-off are slipping further behind those who earn £50,000 and above.

While people in the highest 1 percent income bracket saw their pay rise by 7.6 percent between 2016 and 2018, average workers lagged far behind, seeing an increase of just 2 pence, or just 0.1 percent in the same period. This translates to an increase from £58.73 an hour to £63.18 for the top income earners, compared to a miserable increase from £12.71 to £12.73 an hour for those on average pay.

It is the lower end of the higher rate taxpayers—who are gaining the most by way of increases in pay—that Conservative leader Boris Johnson has singled out for tax cuts. Currently, the tax rate is 40 percent for income earners between £50,000 to £150,000, rising to 45 percent for those above £150,000. The Tories propose that those on £50,000 to £80,000 will be lifted out of the 40 percent bracket. Instead, they would pay the same 20 percent tax rate as those earning £12,501 to £50,000.

Johnson's agenda is no less than completing the "Thatcher revolution" of privatization, deregulation and the destruction of wages and conditions of the working class, in order to increase the competitiveness of British capital under conditions of intensifying trade war. Former Tory Prime Minister Margaret Thatcher, beloved by the rich but universally hated by the working class, set in motion her government's intention to dismantle the welfare state and "roll back the frontiers of socialism."

The Institute for Fiscal Studies (IFS) estimates that such tax cuts would put an extra £2,500 a year into the pockets of the top 10 percent, taking money away from the National Health Service and Social Care. The IFS calculate a shortfall to the treasury of £9.6 billion a year would result from Johnson's tax breaks for the richest.

The NHS and other vitally needed public services are teetering on the brink of collapse due to endless budget cuts since austerity was implemented in 2008 by the Brown government and continued by successive Tory governments—in order to bail out the banks and billionaires. As services no longer become available—the NHS no longer performs minor procedures such as operations for varicose veins while affordable care homes for the elderly are nonexistent—the working class can ill afford to access alternative services privately.

The Resolution Foundation (RF), a think tank which states its mission is to advise on ways to improve the standard of living of low- to middle-income earners, said Johnson's tax plans would put an extra £3,000 a year in the pocket of someone on an annual salary of £80,000 a year. RF Chief Executive Torsten Bell commented, "not bad going at £57 [tax cut] a week—exactly what a young unemployed person is expected to live on via Job Seeker's Allowance at present." He noted, "In fact, 83 percent of the gains go to the top 10 percent of households," adding, "Someone on say an MP's salary of £79,468 gains £2,946. One nation it is not."

TUC General Secretary Frances O'Grady warned that the pay gap under Johnson would get wider. Echoing the Labour Party, which initiated the bank bailout and austerity cuts under the Brown government, she said, "We need an economy that works for everyone, not just the richest 1 percent."

Grady's disingenuous remarks cannot cover up the fact that for decades the trade unions, alongside Labour, have collaborated in suppressing the class struggle, sharing responsibility for turning the UK into a cheap labour economy.

Growing wage inequality is only one aspect of inequality in society. When measured against total wealth, inequality reaches almost unimaginable proportions. According to the *Sunday Times* Rich List, the number of billionaires residing in the UK in 2019 grew to 151, up from the 2018 figure of 145.

The richest 1,000 individuals and families hold an unprecedented total wealth of £771.3 billion, up from last year by £47.8 billion. The Sri and Gopi Hinduja family head the richest 1,000 with a fortune worth £22 billion.

According to the RF, a typical income for a family with two children in the UK is £26,400, reaching barely above the poverty line.

A second report, "*Where are the missing workers?*" was a product of joint research by the Organisation for Economic Co-operation and Development (OECD) and the Centre for Cities think tank. It disputes official government unemployment figures, suggesting that the real rate is three times higher than officially claimed.

While government figures garnered from the ONS sets the rate at 4.6 percent, this does not include hidden employment of those who declare themselves to government surveys as economically inactive. Including those with health or disability issues who could work with support, people who took early retirement, those caring for relatives because of the paucity of social care, and those who have given up hope of finding a job, the OECD/ Centre for Cities analysis puts unemployment at 13.2 percent of the working age population, excluding students. This translates to 4.5 million unemployed, way above the government's figure of 1.3 million.

The Centre for Cities pinpoints unemployment hotspots in urban areas, which were once the heartland of heavy industry in the 1980s, far exceeding the national average. Hidden unemployment was found to be highest in the city of Liverpool, at 19.8 percent, in comparison with its official rate of 5.8 percent. Following Liverpool in ranking was Sunderland in the North East, Scotland's Dundee, Blackburn and Birmingham.

The 10 cities with the highest unemployment rates, according to the OECD, are outside London and the South East.

Andrew Carter, chief executive for Centre for Cities, commented, "It is possible that the unemployment rate in Britain's cities is far higher than official figures suggest. This research suggests that people in cities which have struggled to recover from deindustrialisation of the 20th century could be dealt a second blow as they are ill-equipped to respond to automation."

The ONS defended its measurement criteria by saying they were based on international definitions and only included "spare employment capacity"—those looking for work or available to begin employment immediately. This methodology indicates that unemployment rates according to international definitions are likely well underestimated by official government figures in other countries as well.

Jobs are being shed in huge numbers throughout the economy. For the past four years jobs have been haemorrhaging in the retail sector. Head of the Retail Consortium, Helen Dickinson, told BBC Radio 4, "We'll see this underlying trend continue." This year alone saw 85,000 retail jobs disappear from the high street.

The latest chain to go into receivership are hairdressers Supercuts and baby/maternity retailer Mothercare. The closure of Supercuts' 220 salons means 1,200 jobs will go. Mothercare went into administration last week and will close all its 79 stores, with the loss of more than 2,800 jobs. Other high street chains closing stores include Coast, House of Frazer and Marks and Spencer.

Latest official figures report a 56,000 drop in employment in the first three months to August. The service sector reported that many job cuts, falling sales, and cancelled or postponed projects were due to uncertainties surrounding Brexit.

Unemployment and immiseration of the masses can only intensify. The burgeoning trade war and growing antagonisms between the major imperialist powers—spearheaded by US President Trump's America First policy, of which Brexit, as part of the break-up of the European Union, is one expression—look set to tip the world economy into recession as world economic growth slows down, raising unemployment and further depressing wages.

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