UK cost of living crisis hits millions as inflation reaches new record

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UK workers are suffering a worsening onslaught on living conditions as inflation surges to record levels. The Consumer Price Index measure of inflation hit 5.5 percent in January, a rise from 5.4 percent in December which was already the highest rate in nearly 30 years.

A more accurate inflation measure, the Retail Prices Index (RPI), which factors in housing cost, measured 7.8 percent in the year to January, up from 7.5 percent in December.

Many staples are now unaffordable for millions of people. An analysis by the *i* news web site found: "In January 2021, a 500g tub of margarine cost £1.27 on average, but by January 2022 that price had leapt 57 pence to £1.84, a 45 percent increase. While shoppers could expect to pay £1.89 for a kilo of apples last January, the price shot up by nearly 27.5 percent, to £2.41, in the next 12 months. A kilo of pears, which previously cost £1.91 would have set shoppers back £2.36 last month, a rise of nearly a quarter. Instant coffee became dearer too, costing £3.06 per 100g last month compared to £2.77 a year ago – a 10.5 percent increase. The cost of tomatoes also rose 10.5 percent, from £2.19 per kilo to £2.42."

According to Tesco supermarket chairman John Allan, the worst is "yet to come". Predicting that food prices will rise by five percent in the spring, he said at the start of February that "price increases at the supermarket could be five times greater over the coming months than they had been in the last quarter."

Due to a surge in ingredients, energy and transport costs, the Heineken brewer said that beer prices could shoot up by 15 percent.

Deepening the cost-of-living crisis, average petrol and diesel prices are both at record levels. Petrol passed 148p for the first time this week, breaking the previous record (147.72) set in November. Diesel reached a new high of 151.57p per litre. The businesses hit will pass on the cost to consumers.

With public transport costs prohibitive for millions, even access to a second-hand car is becoming impossible. Second-hand car prices have increased by 30 percent, due to factors including a shortage of new car availability in the last two years. Henry Smith, strategy manager for car buying website *Desperate Seller*, told the *Times*, "This worsening situation could result in vehicles being out of reach for low-income households, the people who often rely the most on having a reliable car."

On February 3 the Conservative government's energy watchdog body, Ofgem, announced increases on the price caps power companies can set for consumers. Ofgem stated, "The energy price cap will increase from 1 April for approximately 22 million customers. Those on default tariffs paying by direct debit will see an increase of £693 from £1,277 to £1,971 per year (difference due to rounding). Prepayment customers will see an increase of £708 from £1,309 to £2,017."

The £1,277 figure which had been set in October last year was a £139 increase on the previous figure. Energy experts predict it could rise above the £1,971 figure in Ofgem's August 2022 revaluation.

The energy price hikes will impact most on vulnerable groups such as poor pensioners and the disabled. The approximate 4.5 million people on pre-payment meters, who are often already struggling financially will be especially hard hit.

The government, citing its fraudulent commitment to "levelling up" incomes, was forced to announce limited mitigations to the extreme energy price hike.

Johnson's multi-millionaire Chancellor Rishi Sunak announced all UK households would get a £200 rebate on their energy bills in October. However, this would

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have to be paid back at the rate of £40 a year over five years beginning in 2023. In addition, council taxpayers in England who live in properties rated A to D for council tax charges, the lowest value properties, would receive a £150 rebate in April this year. This meagre amount would not have to be paid back but its impact will be offset by rising costs.

The Resolution Foundation reported that even with the government's measures, the number of families living in fuel stress would still double from 2.5 million families to five million.

The End Fuel Poverty Coalition noted, "this will plunge an additional 1.1m homes into fuel poverty, taking the total now in fuel poverty to 22% of all households in England (c.12.5m people). The final total may be higher and closer to 26% of all households, due to the 'heat now, pay later' nature of Government support."

Disability group Scope tweeted, "We are braced for the biggest fall in living standards in decades, and disabled families will be among the hardest hit."

The Food Foundation affordable and healthy food campaign group spells out the dire impact. Their February 8 press release noted that a shocking one million adults, 3.6 percent of the population, had gone without food one whole day over the last month as they didn't have access to or could not afford food. It warned of "a continued rise in food insecurity across the UK. Compared with July 2021 the figure has risen from 7.3 percent of UK households to 8.8 percent (4.7 million adults in the past month."

Vulnerable groups were particularly at risk of food insecurity, the Food Foundation noted, with disabled people and those on the Universal Credit benefit five more times likely to have been food insecure over the past six months.

Highlighting the "eat or heat" dilemma the organisation found, "Sixty-two percent of households have experienced higher energy bills; and 16 percent of UK households have had to cut back on the quality or quantity of food to afford other essentials (e.g., energy bills). Meanwhile 59 percent of households are worried that increased energy prices will mean they have less money to afford enough food for themselves/their family."

Children are increasingly facing food insecurity as "two million children… live in households that do not have access to a healthy and affordable diet… (putting) them at high risk of suffering from diet related diseases, poor child growth and shorter lives."

Disability Rights UK CEO Kamran Mallick said, "With rising energy bills, increasing inflation and benefits pegged at a horrendously low level, millions of Disabled people are living in conditions comparable to the nineteenth century work house."

Even the *Financial Times* article felt obliged to comment, "The stark indicators of hunger come before a once-in-a-generation hit to living standards, as people in the UK brace for a triple whammy of tax rises, increasing energy costs and consumer price inflation."

In April, National Insurance contributions will increase by 10 percent, leaving a worker on £30,000 a year around £5-a-week worse off. The National Institute of Economic and Social Research (NIESR) calculated that the rise could trigger a 30 percent increase in households classed as destitute, taking the number to a million. Being destitute is defined as being unable to afford to buy essentials to eat, keep warm and keep clean.

Workers are not seeing their wages rise to compensate. A Trades Union Congress (TUC) report published February 7 noted that in a poll two thirds of workers expected to see their pay fail to keep up with inflation over the coming year. The TUC said, "Headline pay growth—before prices are taken into account—slowed to 3.8% in November from 4.2% in October." It added, "And in spite of its pivotal role in the pandemic economy public sector workers are seeing the biggest reductions to pay growth."

The trade unions are the main force in ensuring that workers' wages are held down. One dispute after another, they have acted on behalf of the corporations, public sector management and the government to suppress the class struggle and impose poverty-level, below-inflation pay deals.

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