

UK cost of living surges, dwarfing Sunak's one-off payments

Simon Whelan
27 May 2022

Household energy bills will grow 23 times faster than wages and 38 times faster than benefits by the end of this year, according to research published yesterday by the Trades Union Congress (TUC).

October's scheduled £800 rise in fuel bills—on top of April's 32 percent increase—means gas and electricity bills will have risen by 119 percent in just one year. By contrast, wages will have increased by just 5.2 percent, while benefits will have risen by only 3.1 percent.

Chancellor Rishi Sunak's £15 billion Cost of Living package will make barely a dent in the cost-of-living crisis engulfing tens of millions of people.

14.5 million people are living in poverty, according to the Joseph Rowntree Foundation. Data from Loughborough University reveals that goods and services for a typical family with two young children are about £400 a month more expensive than they were last year. Rising energy prices added another £120 to families' monthly costs, with cheaper tariffs ended.

While the Johnson government has claimed that “work is the best route out of poverty”, 57 percent of impoverished Britons—some 8 million people—are already in work. Wages are lower now than in 2008, with the Office for Budget Responsibility predicting that pay will not return to pre-2008 levels until 2025.

“If real weekly wages had continued growing at the pre-2008 rate, they'd now be £111 per week higher than they are”, the TUC found. Public sector pay fell by £30 in March alone, while average weekly earnings fell by £16 per week. These figures are a staggering self-indictment of the TUC and its affiliated unions that have presided over 17-years of outright wage suppression—the longest wage freeze on some measures since the Battle of Waterloo.

Delivering his package of measures on Thursday, Sunak declared, “no government can solve every

problem, particularly the complex and global challenge of inflation.” But the surge in energy and food prices is a direct outcome of policies pursued by capitalist governments to enrich the financial oligarchy.

Surging corporate profits are responsible for 60 percent of increases in inflation, according to a recent report on global income inequality published by Oxfam. The charity found that corporate profits grew more during the pandemic than in the previous 23 years, as governments directed trillions of “bail-out” funds into the coffers of the banks and corporations.

This year's *Sunday Times* Rich List showed the wealth of the top 20 entrants grew by £30 billion in the past 12 months and has more than doubled in the past 10 years. The High Pay Centre (HPC) that monitors the income of top earners, reported this week that if household wealth had grown at the same rate as the top 20 Rich List entrants since 2012, every UK household would be £205,000 better off.

The HPC commented, “Imagine the difference that the £30 billion increase in the wealth of the top 20 people on the list could have made if invested in hospitals, schools, green energy, public transport or support for the world's poorest countries, rather than accruing to people who were already billionaires anyway.”

In recent weeks, WSWS reporting teams have spoken to workers and youth about the impact of the cost-of-living surge on their lives.

Sally, a hospital catering assistant who lives in Sheffield, told the WSWS, “With myself being the only income coming into our household, I've noticed everyday things going up, especially gas, electric, the food shop, bus fares, everything. It's having a big impact on everyone, on people that are working now.

“It’s always been the same but it’s worse than ever now. Remembering back to the 80’s, when I left school and unemployment was pretty high. It seems to be getting worse.”

Rosalind, who lives in London and works in education, said, “The cost-of-living crisis is really affecting people; the divisions have got bigger. In my local area I am seeing more and more people looking desperate. It is literally insulting when you hear politicians talking about how people can save money by cooking basic items from the supermarket. I know there are people who do not even have a cooker or cannot even afford to use the gas.”

E.ON energy boss Michael Lewis said the rise in energy prices is “unprecedented” and that 40 percent of its customers will be in fuel poverty by October. Around a fifth of E.ON customers were already in fuel poverty, defined as households spending 10 percent or more of their disposable income on energy.

Energy regulator Ofgem lifted the price cap on gas and electricity bills in April, adding around £700 to household energy bills, pushing them to £1,971. Ofgem’s chief executive Jonathan Brearley warned that October’s further price cap rise will push annual fuel bills to £2,800.

Prior to Sunak’s economic statement, the Resolution Foundation warned the government that if no measures were taken to alleviate the crisis, the number of people facing fuel poverty would rise to 9.6 million this winter. In the poorest 30 percent of the population, 75 percent of families could fall into “fuel stress”.

Shell on the other hand reported a record £7 billion profit in the first three months of this year while BP made £5 billion, their highest for 10 years. Between them they are set to rake in around £50 billion profit this year—three times the £15 billion allotted by Sunak for the most devastating social crisis since the second world war.

Becky, a young mother and hospital secretary who lives in Sheffield told the WSWs, “Half of my wages are gone on childcare costs and then the rest goes on bills and my rent. If it wasn’t for my partner [a labourer] I’d have nothing basically.” Asked about how soaring costs have affected her family financially in the recent period, Becky said, “From July last year, the energy bills increased and then again over the winter. Obviously, it was hard having the heating on all

the time. So definitely the bills have gone up. I’ve noticed that even standard groceries have gone up. So, it’s had a big impact.”

Peter Matejic, from the Joseph Rowntree Foundation anti-poverty charity told the BBC how low-income households are hit hardest by price rises: “Families in poverty are feeling the worst effects of the frightening jumps we are seeing in the cost of living, because more of their budget goes on essential items and their incomes just can’t keep up.”

According to the *Which?* consumer rights group, shoppers across the UK are facing “shelf shock” on almost all types of groceries. *Which?* found price rises of more than 20 percent on some goods, whilst official figures this week showed many staples have recorded double-digit increases.

James, a software developer, in Sheffield told the WSWs, “My rent now is two-thirds of my wages. My pay did go up but not as much as inflation. The cost of groceries has gone up so much. My partner has special dietary needs because of a health condition and the food is even more expensive. The pandemic has shown that those at the top care more about profits than the people who actually make those profits for them.”



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact