

Research reveals precipitous decline in UK working class living standards

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Research conducted by two think tanks into the decline of working-class living standards in Britain in recent years paints a devastating picture of millions going without food, basic necessities, heating and hot water on a daily basis.

“Living Standards 2024 UK General Election Briefing”, published by the National Institute of Economic and Social Research (NIESR), found that living standards have fallen by 7 percent on average since 2019—measured by real disposable income and accounting for housing costs and household composition.

For the poorest 10 percent of UK households, the lowest decile, living standards have fallen by an astonishing 20 percent compared with 2019-20 levels—an income shortfall of £4,600 (in current prices) in 2024-25 relative to 2019-2020. For income deciles 2-4, the fall in living standards is on average 8 percent. In their previous Winter 2024 UK Economic Outlook, the NIESR explained how living standards had fallen most sharply for the poorest tenth of UK families since the beginning of the inflationary crisis.

“Living Standards since the last election”, published by the Institute for Fiscal Studies (IFS), reports that household income fell for all income deciles except the top two between 2021-22 and 2022-23. After housing costs, the measured fall in median income was 1.5 percent.

The IFS notes that declines across the previous 2019-2024 parliament were “mainly driven by a fall in workers’ real earnings”. Average pay, adjusted for inflation, is less than it was in 2007. The total growth in average pre-tax pay “between 2009/10 and 2023/24 is equivalent to what we previously might have expected in about 17 months”.

This is an indictment of the trade union bureaucracy,

which has for decades worked with the employers and successive Conservative and Labour governments to suppress wage demands and the struggle to improve employment terms and working conditions.

According to the IFS, stagnating and falling wages were particularly marked in the middle of the income distribution, i.e. the most unionised section of the working class—skilled trades and white-collar workers. The number of people in working households with incomes that fall beneath the poverty line now exceeds one million and in-work poverty continues to grow.

Approximately 12 million people are in absolute poverty—a quarter of all children and nearly 15 percent of all those in work. There has been a notable increase in absolute poverty among private renters—approximately 200,000 more people. The overall figures are a 0.8 percent increase, but, as the IFS notes, this masks the disproportionate impact higher rates of inflation for basic goods have on poorer households. Figures for actual material deprivation, food insecurity and inability to warm one’s home are all up significantly.

Again according to the IFS, the rate of material deprivation rose from 15 percent to 19 percent between 2019–20 and 2022–23, corresponding to an extra 2.8 million people—returning child and pensioner deprivation rates to the same level they were back in 2010–11. The rate of food insecurity increased from 8 percent to 11 percent over the same period, approximately 2.1 million additional people.

Among working-age adults, the proportion reporting themselves unable to afford to keep their home warm enough close to tripled from 4 percent in 2019–20 to 11 percent in 2022–23. Those unable to pay to keep their home in a decent state of decoration increased by a third (from 10 percent to 13 percent) and those unable

to save just £10 a month by roughly a fifth (from 19 percent to 23 percent).

This rise in material deprivation finds expression across all age groups, housing tenures, work statuses, household compositions and regions but is especially acute among those with mortgage payments and pensioners.

The NIESR predicts that the living standards of households in the bottom 40 percent of the population, earning up to £34,000 per year, will not return to pre-pandemic levels for another four years. This is despite an optimistic assumption of a rise of 6 percent in 2024-25 relative to 2023-24.

Even this rise would be distributed unequally: households in the bottom decile are forecast to experience no increase but instead a further 2 percent fall and those in the second decile only a 5 percent increase.

Such sharp falls in working class living standards over the past five years follow on from the already calamitous decline experienced in the decade-plus since 2008. The attack on living standards was begun by Gordon Brown's Labour government with austerity measures imposed to offset Labour's £1 trillion bailout of the banks and big business after the global financial crash. In 2010, the David Cameron-led Conservative/Liberal Democrats coalition took over where Brown left off, inaugurating the "age of austerity".

Successive Conservative governments led by May, Johnson, Truss and Sunak deepened this brutal assault, especially to pay for Johnson's billions in subsidies handed to big business during the height of the pandemic.

In a briefing paper titled "Seven Key Facts about UK Living Standards", the IFS write how the poor performance of living standards since the recession after the 2008 global financial crash means that the UK has fallen down the league table relative to other comparable European and North American economies.

In the 12 years prior to 2008, median working-age incomes rose by over 40 percent in the UK, one of the best-performing countries. In the 12 years post-2007 (up to 2019), income growth was just 6 percent, versus 12 percent for the United States and 16 percent for Germany.

The collapse in living standards driven by cuts to

wages and welfare will continue under the Labour government, the party of big business, "iron discipline" on public spending, and total commitment to war and an increase in military budgets.



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