Eighteen months of Labour government leaves Britons poorer than they were in 2019

Simon Whelan, Robert Stevens
7 January 2026

Following three consecutive quarters of falling living standards the average Briton now has, after tax, £38 less to spend each month than they did a year previously at the end of 2024.

Figures adjusted for inflation by the Office for National Statistics (ONS) reveal that disposable income is now £1 lower per month than it was in the summer of 2019—and more than £20 lower than in December 2019.

Disposable income is the money available after paying taxes on wages and receiving welfare benefits, including pensions. Essential expenses like mortgage payments or rental, council tax, food and energy and utility bills must be met from disposable income.

The previous parliament, under a Conservative government ruling from December 2019 until July 2024, was the first in British history to see a fall in disposable income in real terms. Commenting on the ONS figures, Sky News noted, "But disposable income is now £1 lower per month than it was in summer 2019 after adjusting for inflation," according to "updated figures from the Office for National Statistics, and more than £20 lower than in December 2019."

Speaking to Sky News, Simon Pittaway, Senior Economist at the Resolution Foundation think tank—which examines living standards trends—observed that the "ONS data confirms that Britain's mini living standards bounce in 2024 is well and truly over. Growth has been poor this year and prospects for 2026 aren't looking great either."

Before 2022 there had been only one five-year period where living standards fell—between 2008 and 2013—following the global financial crisis and the devastating austerity policies that followed. On only five occasions since the end of World War Two had disposable income in Britain fallen for three consecutive quarters.

Three of the five occurrences came within just the last decade. The longest sustained fall was five consecutive quarters between December 2015 and March 2017, coinciding with the Brexit vote to leave the European Union.

After previously occurring only twice in 60 years, that disposable incomes have now fallen for three consecutive quarters no less than three times in a single decade signifies the accelerating and deepening crisis of a British capitalism struggling to compete among its global rivals. Every government since 2010, whether Tory or Labour, has responded with ever more brutal austerity to ensure that it is the working class which pays for this crisis.

Sharp falls in working-class living standards and incomes over the past five years have exacerbated the already calamitous decline experienced in the decade-plus since 2008. The attack was begun by Gordon Brown's 2007-2010 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 Theresa May, Boris Johnson, Liz Truss and Rishi Sunak continued this assault, especially to pay for Johnson's billions in subsidies handed to big business during the height of the COVID-19 pandemic.

In its electioneering, the Starmer government proclaimed its intention to improve workers' lot. Labour's Plan for Change published after the election laid out a goal of "raising living standards in every part of the United Kingdom so working people have more money in their pocket." This would be will be

© World Socialist Web Site

measured through “higher Real Household Disposable Income per person and GDP per capita by the end of the parliament.”

Such cynical sloganeering was always incompatible with the crisis facing British capitalism, and with pledges made repeatably by Starmer and Chancellor Rachel Reeves to rule as the “party of business”, based on Thatcherite policies of “iron discipline” on public spending.

Moreover, the government is committed to a more than doubling of military and security spending (from 2.3 percent to 5 percent of GDP) by 2035, which will requiring emptying the Treasury of funds currently allocated for social spending in order to hand it over the Ministry of Defence.

Citing a report by the EY Parthenon consultancy, which analysed how much funding was required to hit the 5 percent target, the *Financial Times* reported, “The UK government will need to mobilise more than £800bn of new funding for defence projects and wider strategic infrastructure by 2040 if it is to meet ambitious Nato-related targets…”

The newspaper warned, “Factoring in other unfunded projects in areas such as energy, health and transport, the UK will need to mobilise a total of £1.96tn of funding for capital projects between now and 2040, EY said, with defence the biggest slice, assuming the 5 per cent target is met.”

Such an offensive heralds an assault on the social position of the working class not seen in peacetime.

Even ahead of this agenda, the holding down of wages and cuts in social spending already imposed by the Starmer government ensure its token Plan For Change commitments are dead in the water. Following Reeves’ November budget the Joseph Rowntree Foundation—which specialises in poverty issues—predicted this would be the “bleakest parliament on record”. It projected significant living standard falls and stagnating or declining incomes, with low-income households potentially suffering cuts of £850 a year or more.

In the largest single revenue-raiser, Reeves announced the freezing of National Insurance and income tax thresholds for an extra three years which will bring in almost £13 billion by 2030-31.

The continuing fall in living standards under Labour and decimation of vitally needed social services could not have been imposed but for the role of the trade union bureaucracy. For decades the union apparatus has worked hand-in-glove with the employers and successive Conservative and Labour governments, suppressing wage demands and the struggle to improve terms and working conditions.

In backing Starmer’s election, they declared their support for his corporatist partnership between them both and big business.

Millions of workers are pauperised as a result. According to the Low Pay Commission around 1.9 million workers were paid at or below the national minimum wage NMW in 2024. In 2015 there were 1.5 million jobs paid at or below the NMW. This year the minimum wage rises to just £12.71 per hour for adults aged 21 and over; £10.85 per hour for 18-20 year olds; £8.00 for under 18s and £8.00 for apprentices.

So effectively have wages been held down by sellout deals negotiated by the unions with employers that by September 2025, 2.6 million people in employment also relied on Universal Credit (UC) welfare payments to top up their meagre incomes. Those in work now account for one-third of all UC claimants.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site