

## The campaign for a living wage is gathering momentum and increasingly enjoys support from across the political spectrum

With almost one in five UK workers earning less than the living wage, politicians from across the spectrum are scrambling to proclaim their inequality-busting credentials. But how did this come about? [Ellie Harries](#) explores income inequality and what's caused the parties to agree.



The campaign for the living wage is picking up momentum and earlier this week new figures for the living wage were released – £7.45 per hour across the UK except for London where it has been set at £8.55 per hour. The living wage does not have any legal force, but it has supporters across the political spectrum, as it becomes clear just how many people are struggling to make ends meet.

In anticipation of Monday's announcement, a KPMG study released last week reported that nearly 5 million workers in Britain survive on less than a living wage. This means that almost one in five British workers and their families are likely to have inadequate standards of living.

According to [KPMG](#), nearly one in four workers are paid less than the living wage in Northern Ireland (24%), followed by Wales (23%), England (20%) and Scotland (18%). Frances Grady, who will become the TUC's leader in January, [said](#): "It is shocking that in this day and age one in five workers is still earning less than is needed to maintain a decent standard of living."



The study was launched in advance of the first ever Living Wage week (4th-

10th November 2012), and Monday's increase in the living wage is considerably higher than the national minimum wage of £6.19. Somebody working a 37 hour week on the minimum wage earns £229.03. In contrast, a 37 hour week on the living wage amounts to £316.35 in London, or £275.65 in the rest of the UK.

Although you would expect calls for the living wage to come mainly from the left, the campaign has received a surprising level of support from across the political spectrum. Take Boris Johnson for example, who at the Conservative party conference in Birmingham last month [stated](#):

*We have to look first to the poorest and the neediest and those who cannot easily compete and that is why I am so proud that we have expanded the London Living Wage. Now paid – entirely voluntarily – by about 250 of the swankiest banks, law and accountancy firms in*

Official figures for how many businesses pay the Living Wage don't come out till next month, but a follow-up with the Living Wage Foundation [revealed](#) they were not expecting the list to reach 250. A spokesman from the Foundation said "There's a difference between people talking about it and making a commitment and actually meeting all the criteria." Boris, it seems, needs to check his facts.

With all this pomp, Labour too want a slice of the action, and is banging the drum about the Labour Councils who are already Living Wage employers. Newcastle City Council is the most recent to [announce](#) it is paying its workers a minimum of £7.20 an hour, the living wage outside London, at a cost of around £1 million extra a year. Labour councils that already pay the living wage include Oxford, Preston, Birmingham, and the London boroughs of Lewisham, Southwark, Hounslow, Lambeth, Camden, Islington and Hackney. It was notable that Boris Johnson only referred to private companies in his speech, not local authorities, as all the London councils which pay the living wage are currently run by Labour.

The issue has even managed to [unite the Miliband brothers](#): They are working together on how to make the living wage a core policy for Labour at the next general election. In a joint article with Dave Prentis, the General Secretary of Unison, the UK's largest trade union, David Miliband argued for "fair pay for a fair day's work". Arguably, a move to the left.

Given that inequality has been pretty much bottom of the political agenda, with an [OECD report stating](#) that income inequality among working-age people has risen faster in Britain than in any other rich nation since the mid-1970s, why are the parties now aligned and proclaiming their worker's rights? The answer is simple: Companies paying their lowest-paid workers slightly more could significantly help to line the government's pockets.

### **Paying workers more will raise money for the Government**

Research by the Institute for Fiscal Studies in 2010, [reported](#) that paying a living wage to all private sector workers would raise their gross earnings by around £12bn, of which around £6bn would end up in the government's coffers, in the form of higher tax incomes and lower spending on benefits and tax credits.

Similarly, paying the living wage to public sector workers would also benefit the Treasury around a further £1bn, the IFS report. Although there would be further costs to the public sector of around £3bn in the form of higher wage bills and employer National Insurance contributions.

With the Chancellor's rhetoric of "making work pay", and the Labour party still searching for its post-New Labour identity, it is a no-brainer to support the living wage and at the same time line the public-purse.

Introducing a living wage would significantly increase the quality of life for the fifth of Britain's population, who are currently paid less than is deemed suitable to live on, and for once it is something the parties can agree on.

*Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.*

### **About the author**

**Ellie Harries** is an academic researcher at the LSE Public Policy Group. She received the Stanley Jeavons award for her work on political social networks, which she carried out as part of her MSc at the University of Manchester, and her BA thesis on suffragette networks has been published in the *Social Networks* journal. Before joining the PPG, Ellie worked at the University of Manchester as a Research Assistant, and in the media as a freelance reporter. Her interests include network analysis, politicisation processes and social influence.

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