Recovery for the few – the truth about pay in the North East

Britain needs a pay rise

It is in the electoral interest of the Prime Minister and his Chancellor, George Osborne, and their allies in the media to promote the idea that wages are now higher than inflation but as the Guardian’s Economic Editor, Larry Elliott, made clear in a recent analysis of the Office of National Statistics (ONS) and Consumer Price Index (CPI) figures, wages over the past decade have been historically low. And even now, as Larry Elliott wrote it is questionable whether wages are actually rising; “The government’s measure of average earnings is a mean. If pay increases are skewed to those on the better-paid jobs, the mean can increase while most workers’ pay increases less quickly than inflation. Average earnings excluding bonuses (which tend to go to those on higher incomes) are rising by 1.3% a year, which is still below the official inflation rate of 1.6%”. 

Osborne the political tactician delivers a budget for the few

When the Chancellor, George Osborne, delivered his 2014 Budget it wasn’t Osborne the economic strategist, it was Osborne the political tactician. And the date he had in mind was June 15th 2015. The person he set out to please was the voter who tends to vote - the older voter. Having wooed them, he did what this Chancellor and this Coalition Government has always done and based his Budget on the principle of ‘to those that have shall be given’. If you are one of the top one per cent or earn £125,000 or more you will be able to make the most of the ISA changes that he brought in with the merging of cash and stocks, and the limit for tax-free savings raised to £15,000. But far too many of us have seen real pay cuts, as wages fail to keep up with household bills rising. Most of us haven’t got any spare cash to save.

Who the budget left out

There were plenty of omissions in his Budget. He had nothing to say about our young people. (In a speech lasting an hour there was only one reference to apprentices and young people). It had nothing to say about people on zero hours, low pay or part time workers who would rather have a full time job, so nothing at all for the working poor.

So what has really happened to our members’ wages?

When we look behind the spin and the rhetoric at what has really happened to ordinary workers’ wages then it is no wonder we don’t feel any benefit from the so-called recovery. Recent YouGov polling found that only 20% think their household financial situation will get better over the next 2 months: even among Tory voters the figure only rises to 33%. There has been a huge jump in self-employment, an increase in part-time and temporary working, and in the number taking second jobs. And where jobs are being created they tend to be in low paying sectors. In short, we are not getting the decent jobs with decent wages that people are crying out for.

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North East

- In the North East the middle hourly wage has improved by 62p in 3 years.

- In 2010 half of people living in the North East earned up to £10.49 an hour. In 2013 half of people in the North East earned up to £10.70 an hour.

- The top 10% of earners get more than double this an hour: £21.60 an hour in 2010 and £21.68 an hour in 2013.

- In 2010 the bottom quarter earned up to £7.39 an hour; in 2013 it was £7.70 an hour.

- In 2010 half of those living in the North East earned up to £19,177 a year; it is £20,050 in 2013.

Cameron and Osborne’s Britain

Len McCluskey, General Secretary of Unite responding to this research into wage levels since the Conservatives and Liberal Democrats formed the Coalition Government said;

“Workers’ wages have been suffering their longest slump since the 1930s, falling in real terms year on year throughout the Tory term of office. Britain urgently needs a pay rise, and it won’t get one from a government that always puts the rich first”.

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Figures taken from www.nomisweb.co.uk