
**Resolution
Foundation**

Commission on Living Standards:
Improving the lives of people on
low-to-middle incomes

The squeeze on living standards

28 June 2012

The squeeze on living standards: agenda

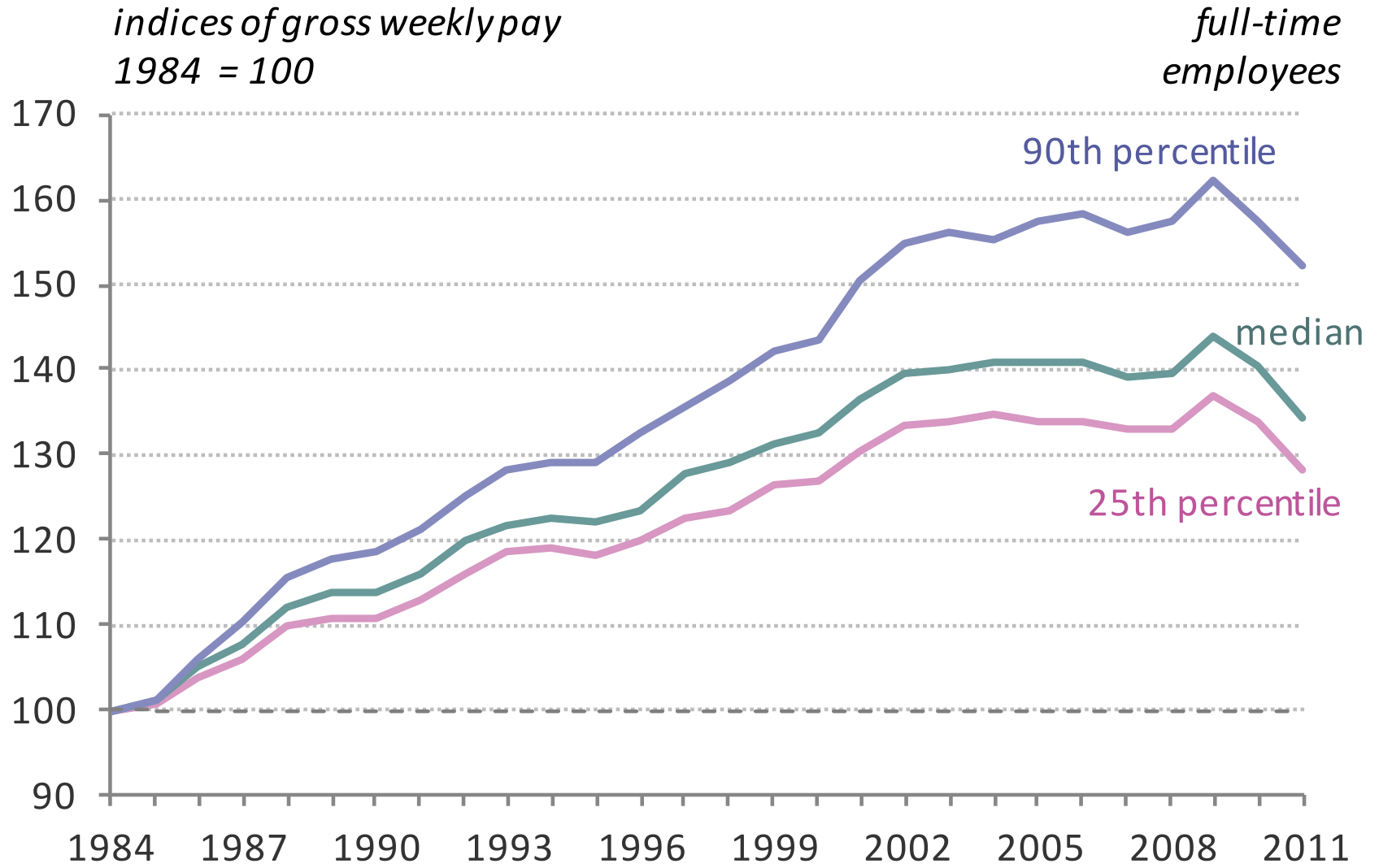
1. Trends in earnings
2. Trends in incomes
3. Future prospects

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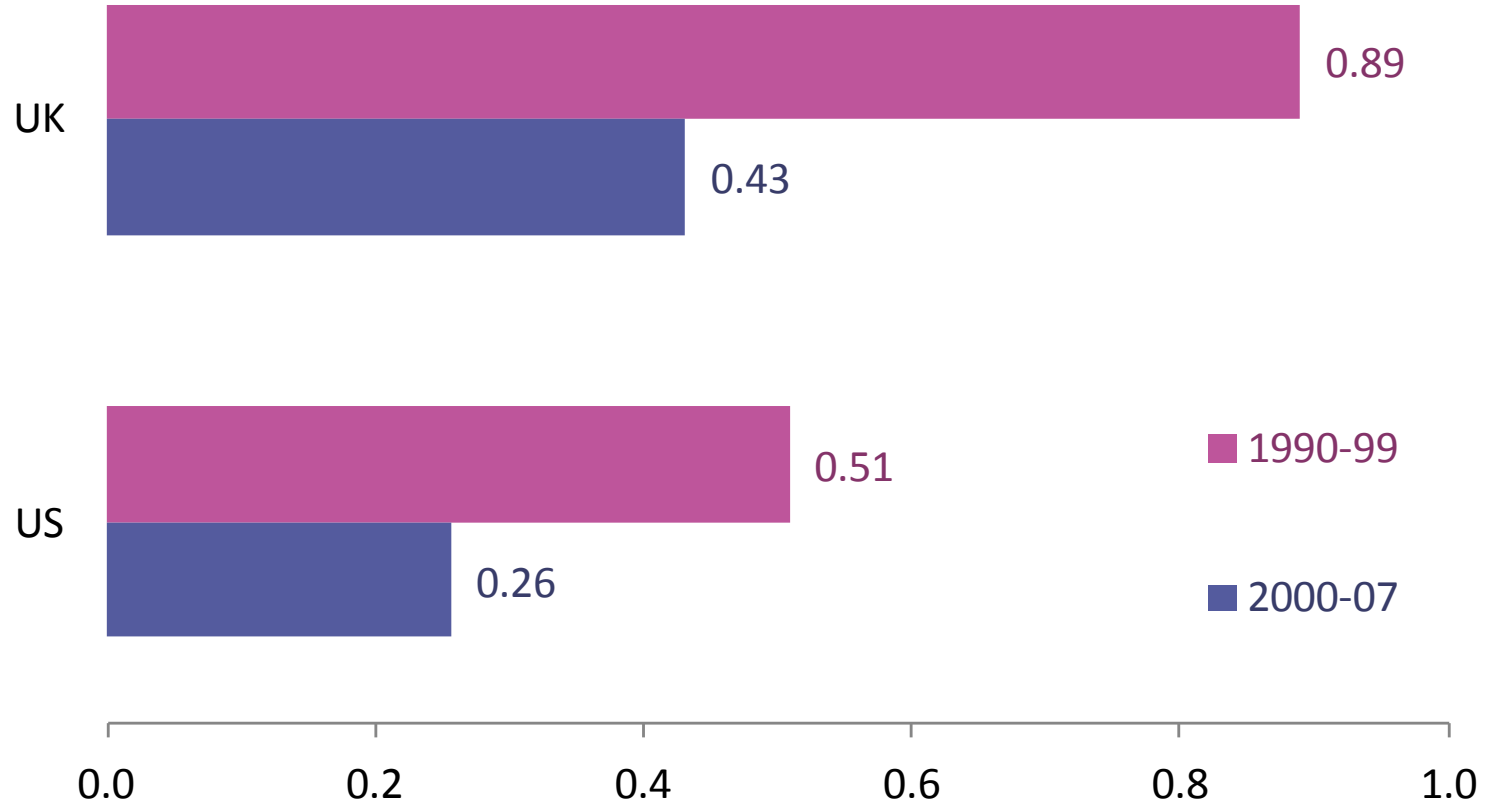
EARNINGS

The squeeze on earnings: a longer term trend



The squeeze on earnings: a global trend

Ratios of average annual growth in median pay to average annual growth in GDP: UK & US 1990 - 2007

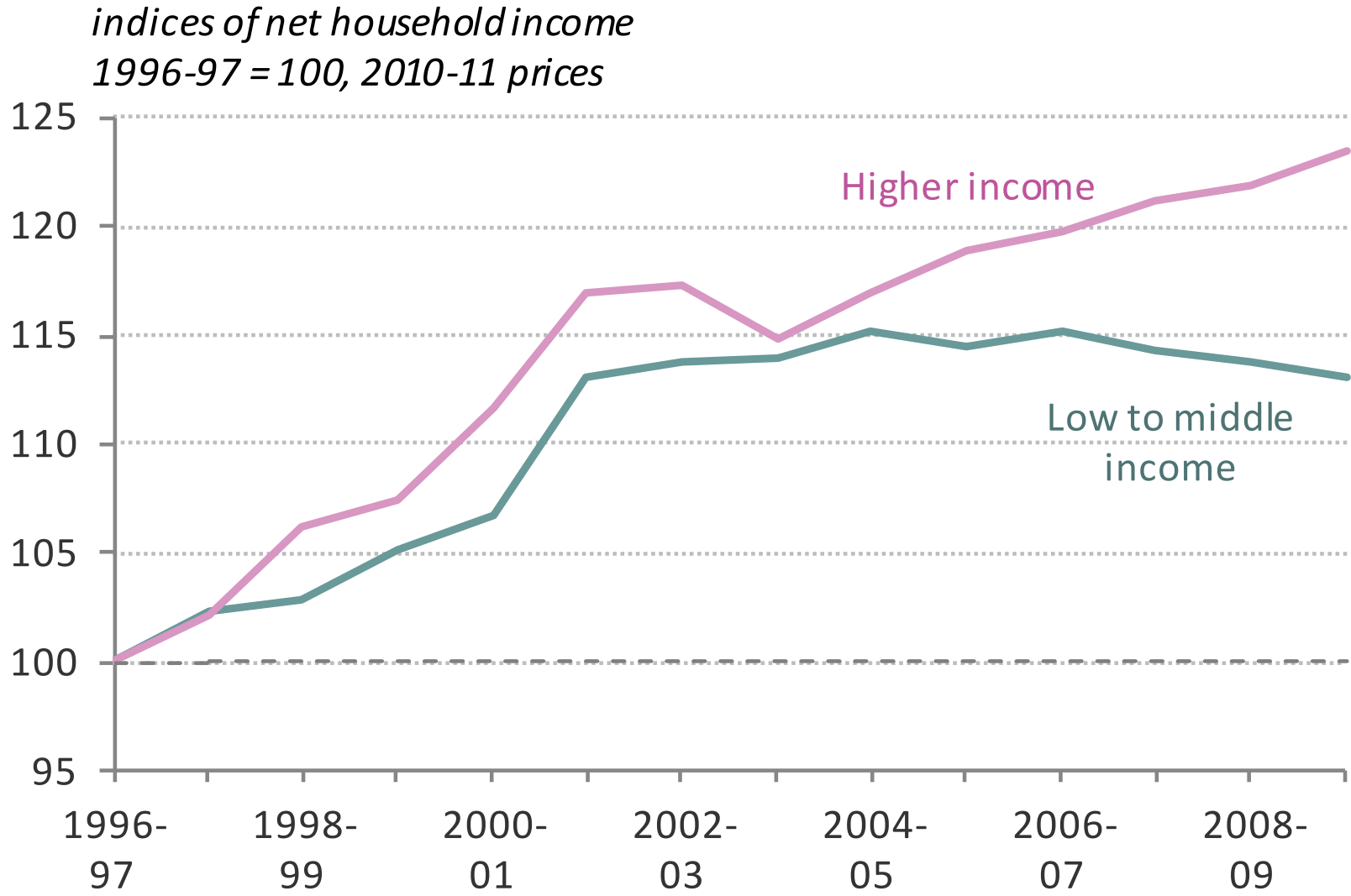


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INCOMES

The squeeze on incomes: relative and absolute declines



The squeeze on incomes: what happened?

Losses 02-03 to 08-09

Gains 02-03 to 08-09

+£143

Total net
income growth

-£610

Male employment income



+£301

Female
employment
income



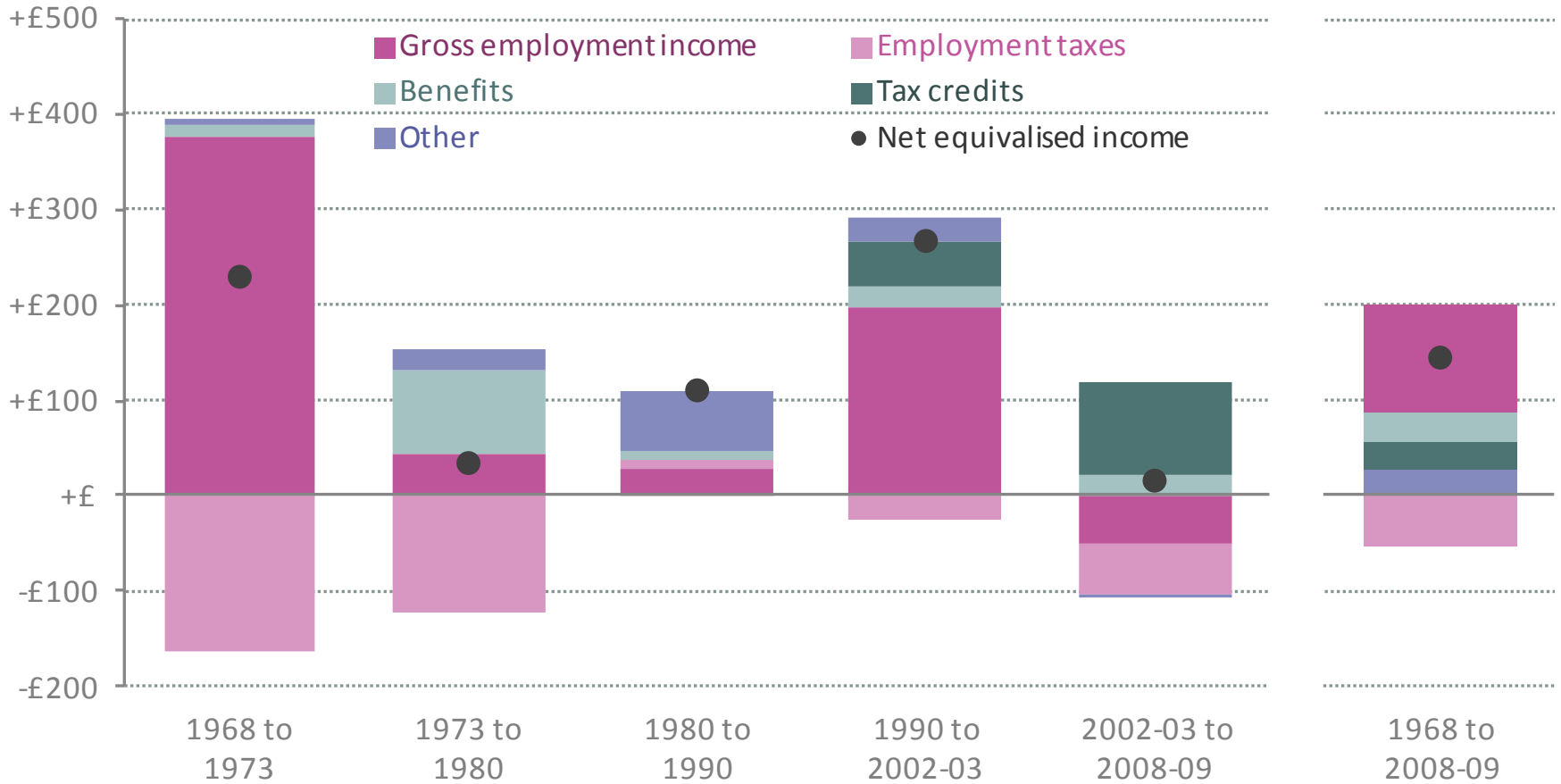
+£581

Tax credits

Source: Institute for Fiscal Studies analysis for the Resolution Foundation Commission on Living Standards

The squeeze on incomes: what happened?

Contribution to average annual growth in LMI household income: 1968-2008/09



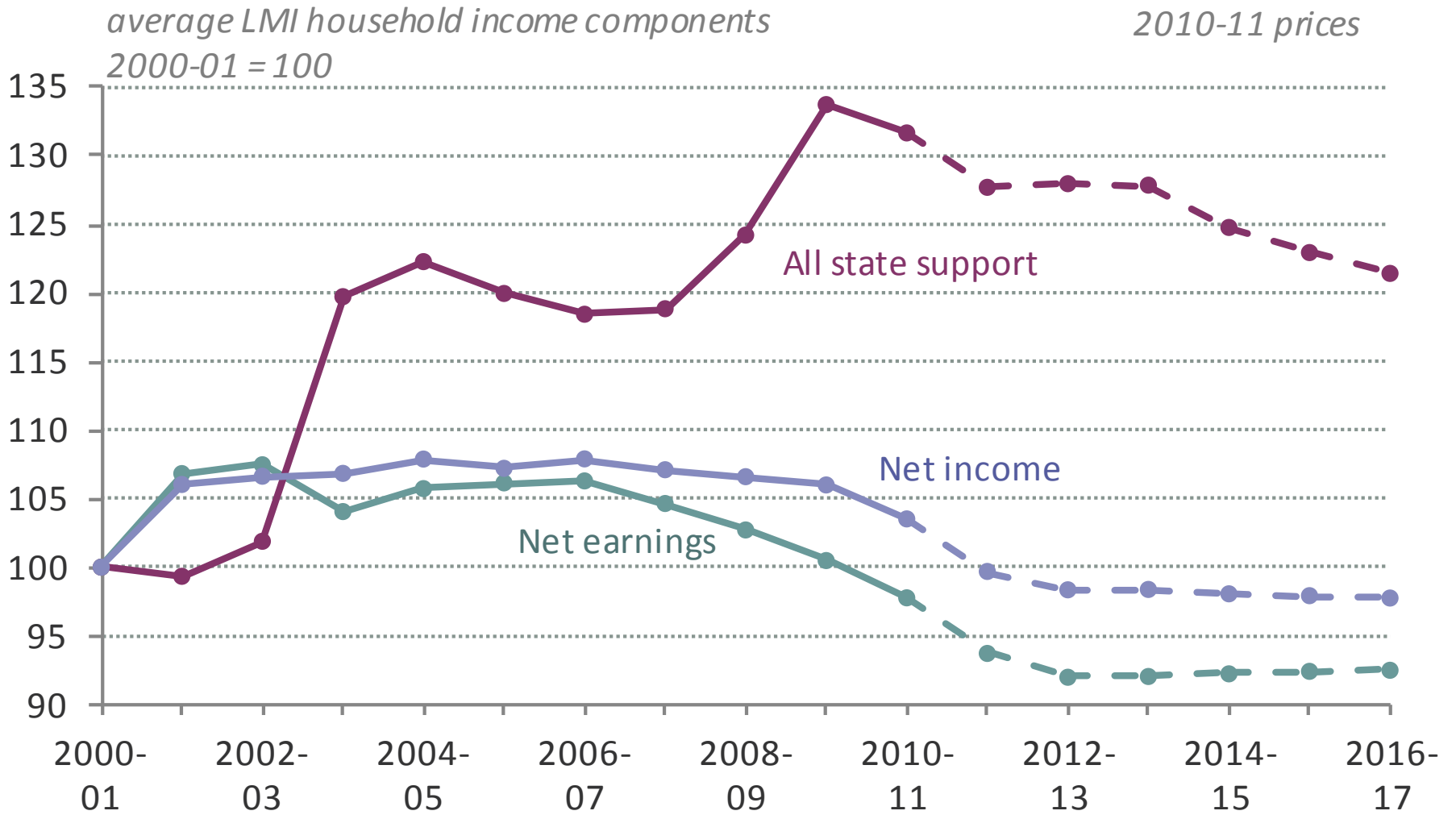
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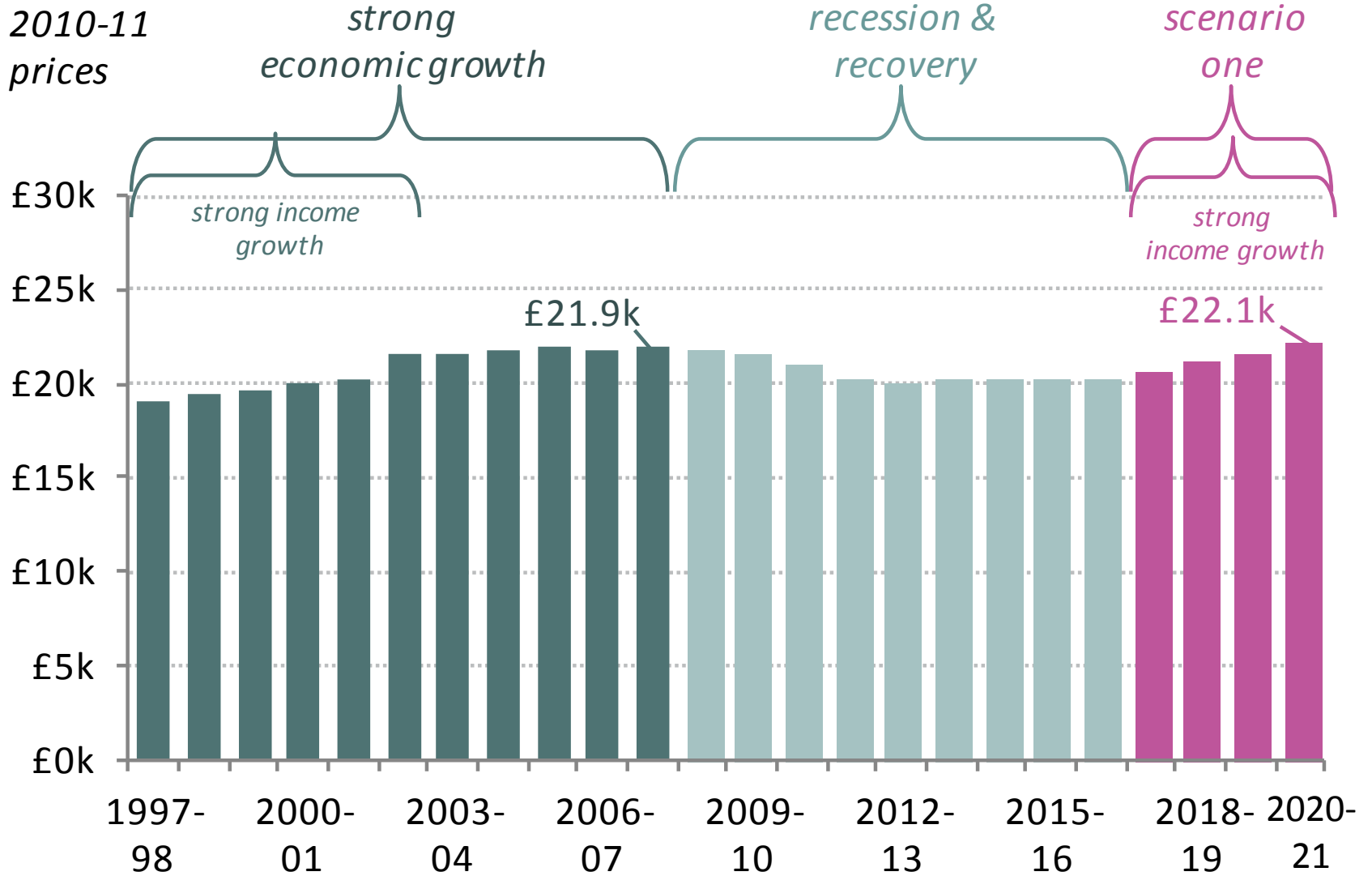
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AN ONGOING SQUEEZE?

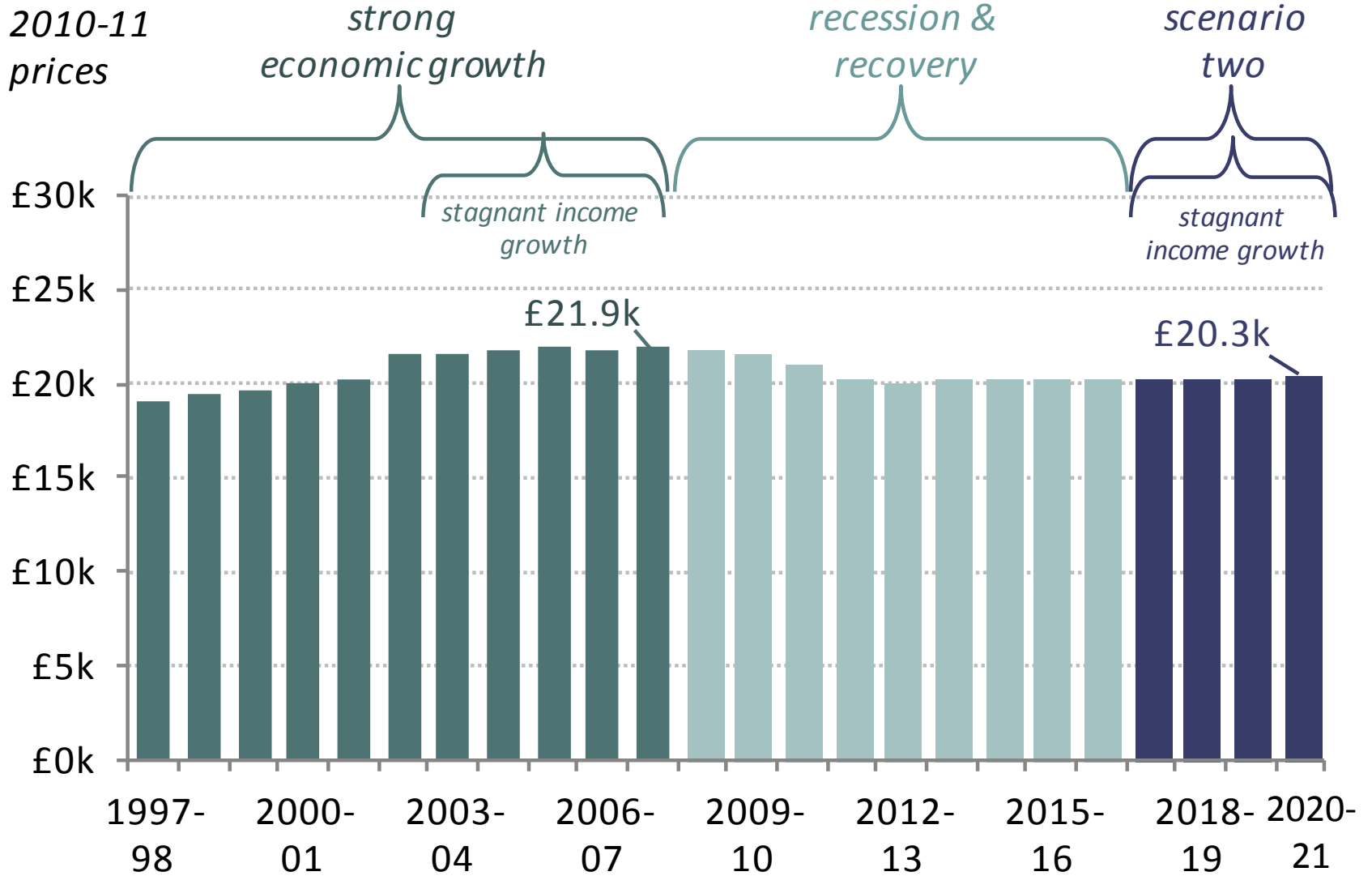
The squeeze continues: incomes flatline



The squeeze continues: income scenarios



The squeeze continues: income scenarios



The squeeze on living standards: conclusions

- Earnings flat for large part of society pre-recession
- Particular squeeze on incomes of LMI families
- Gains in female earnings more than wiped out by losses in male earnings
- Incomes would have fallen in the absence of significant increases in tax credit payments

The squeeze on living standards: conclusions

- Recession hit hard, but came on top of an existing problem
- Return to economic growth alone is not enough
- The squeeze on living standards set to stay high on the agenda for many years to come

Raising Living Standards

Rachel Reeves MP

www.livingstandards.org