

## Social Policy in a Cold Climate

---



# Labour's Legacy: UK Social Policy and The Distribution of Economic Outcomes in 2010



#laboursrecord

# Winners and losers in the Crisis: The changing anatomy of economic inequality in the UK, 2007-2010

John Hills, Jack Cunliffe, Ludovica  
Gambaro and Polina Obolenskaya

Social Policy in a Cold Climate  
launch event  
1 July 2013

# What we are doing

- **Focus:** who were the winners and who the losers in the first three years of the crisis (2007-2010)?
- Updating the 2010 National Equality Panel report
  - educational and economic outcomes by age, gender, ethnicity, etc
  - periods around 2007 to 2010 (further 2012 update to follow)
  - *Cannot currently look at individuals' incomes in their own right.*
- Using:
  - Our own analysis of Labour Force Survey and National Pupil Database
  - Analysis of DWP figures based on household incomes (Family Resources Survey), and of ONS figures for household wealth (Wealth and Assets Survey)
- *Report chart data available on-line [www.casedata.org.uk](http://www.casedata.org.uk)*
  - *updated data for main NEP report to follow*

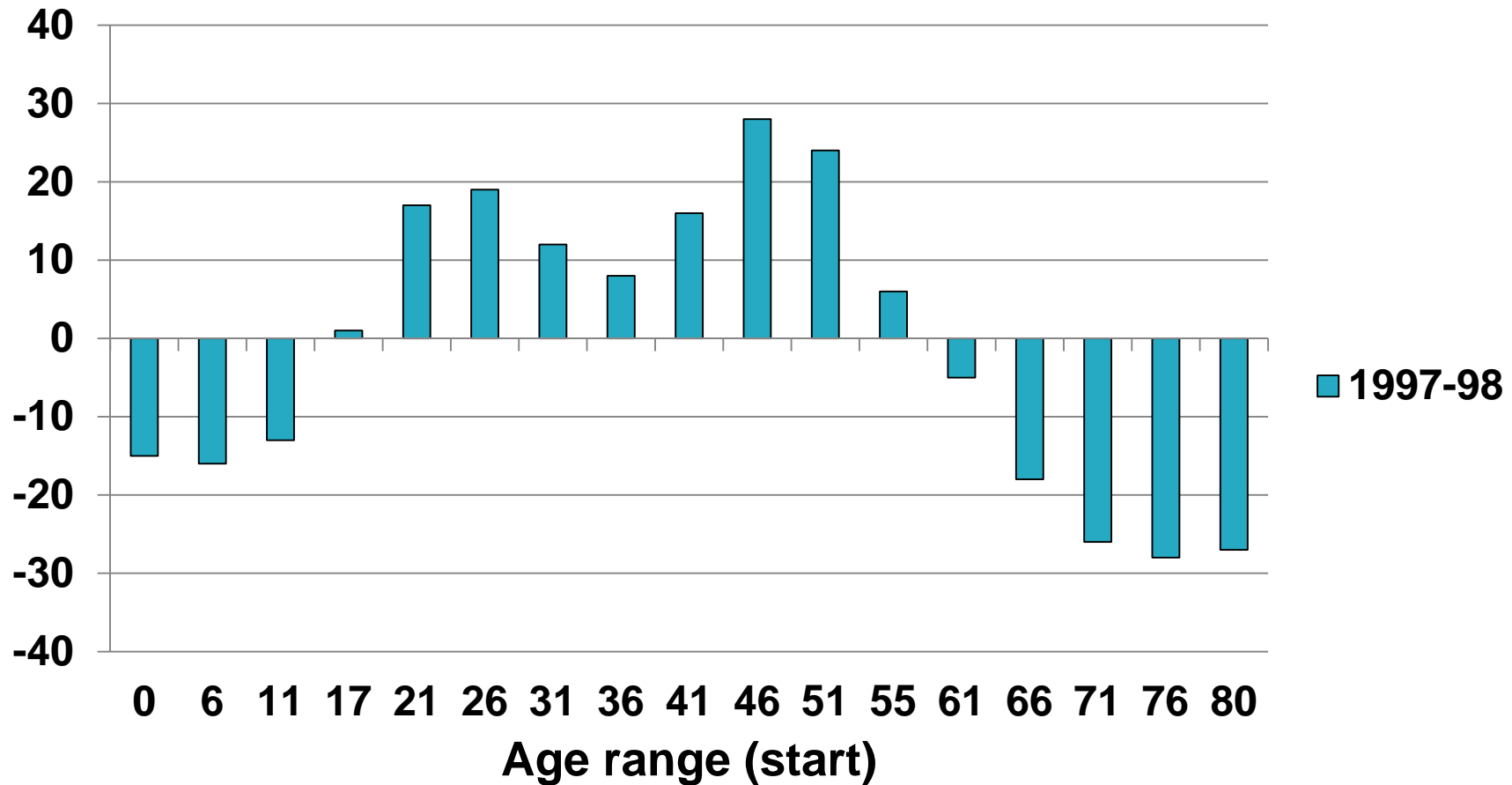
# Outcomes we analyse

- **GCSE** (Key Stage 4) results, 2008 and 2010
- Highest **qualifications of the working age** population (2006-08 to 2010)
- **Employment status** of the working age population (2006-08 to 2010)
- **Hourly earnings** (2006-08 to 2010, at 2010 prices)
- **Weekly full-time earnings** (2006-08 to 2010, at 2010 prices)
- Equivalent net **incomes** (2007-08 to 2010-11, at 2010 prices)
- Household **wealth** (2006-08 to 2008-10)

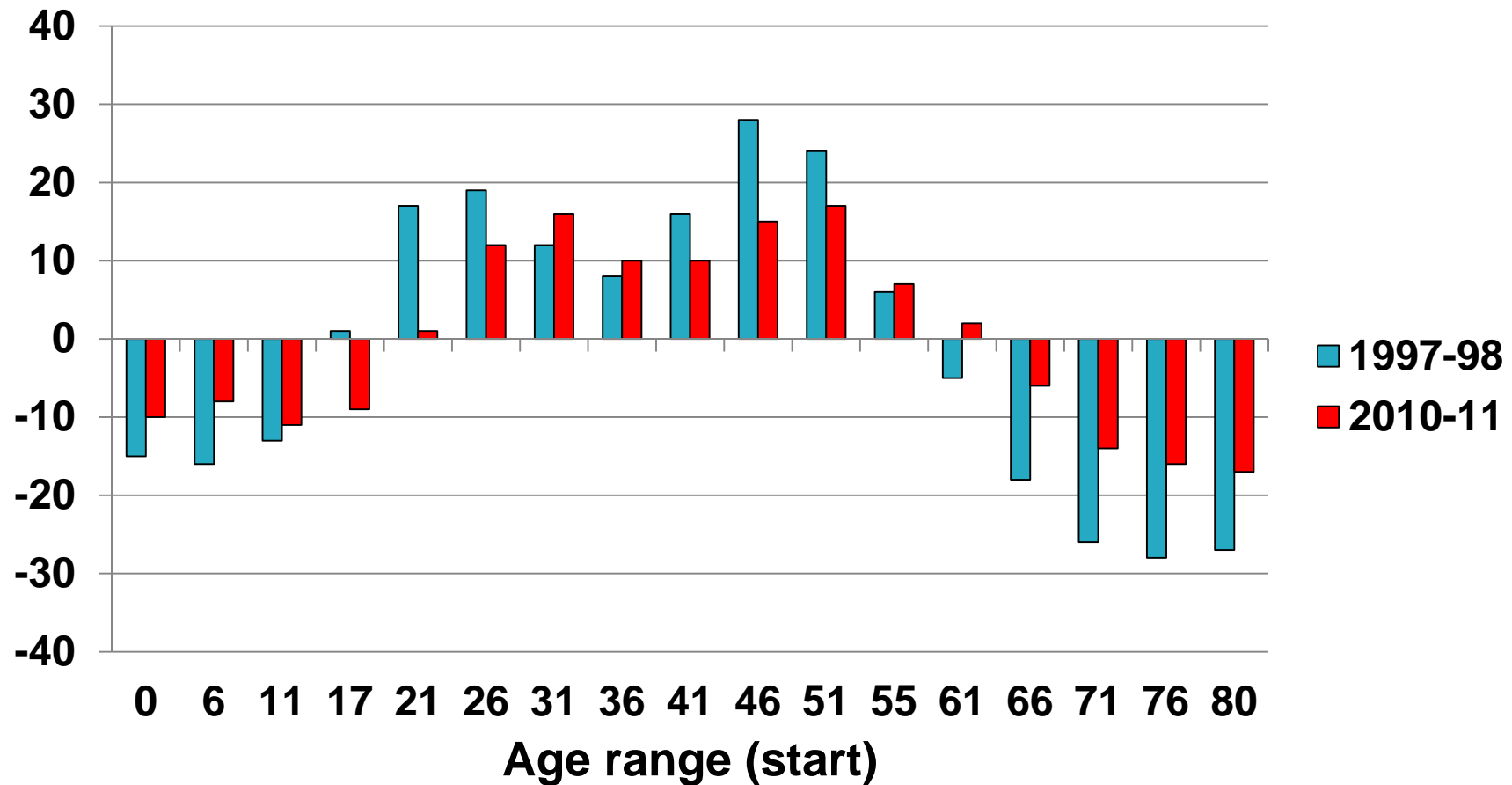
# Three highlights from the report

- **Life cycle income distribution**
  - Incomes as people move from childhood through to old age – a striking Labour legacy
- Position of the **most vulnerable groups** in the first years of the recession
- **Youth** (born in the 1980s) were bearing the brunt of the start of the recession

# Income inequalities between age groups narrowed considerably between 1997 and 2010 (% difference from overall median)



# Income inequalities between age groups narrowed considerably between 1997 and 2010 (% difference from overall median)









# Were the poorest protected at the start of recession? Changes in real wages and incomes, 2007-2010

		Bottom	Middle	Top
Hourly pay (FT)	Men	-2.7	-1.0	+0.3
	Women	-2.9	-0.3	-0.5
Weekly earnings (FT)	Men	-4.8	-2.9	+1.6
	Women	-3.6	+0.5	-1.6
Incomes (BHC)	Men	+0.4	-3.6	-4.5
	Women	+5.2	-1.3	-3.7
	Children	+6.7	+1.0	-2.1

# Were the poorest protected at the start of recession? Changes in real wages and incomes, 2007-2010

		Bottom	Middle	Top
Hourly pay (FT)	Men	-2.7	-1.0	+0.3
	Women	-2.9	-0.3	-0.5
Weekly earnings (FT)	Men	-4.8	-2.9	+1.6
	Women	-3.6	+0.5	-1.6
Incomes (BHC)	Men	+0.4	-3.6	-4.5
	Women	+5.2	-1.3	-3.7
	Children	+6.7	+1.0	-2.1
Incomes (AHC)	Men	-7.8	-6.0	-5.6
	Women	-1.1	-4.3	-5.0
	Children	+2.0	-1.7	-0.7



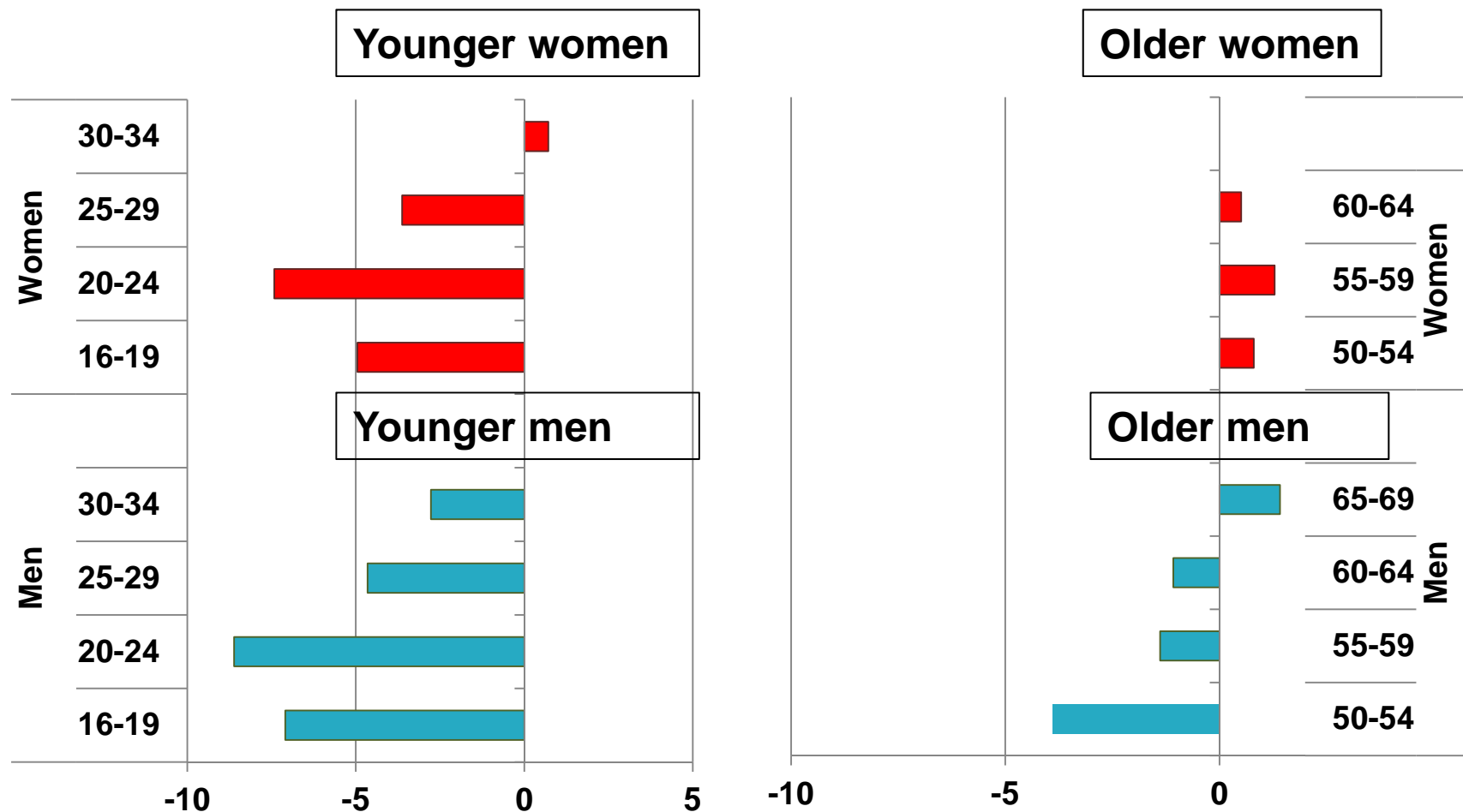
# Other groups that slipped through the net?

- **Poorest people living in the most deprived three-tenths of neighbourhoods**
  - incomes fell by more than 10 per cent after housing costs
- **Poorest Londoners**
  - 24 per cent for the 10<sup>th</sup> percentile after housing costs
- **Poorest social tenants**
  - Incomes fell by nearly 6 per cent after housing costs (though rose 5 per cent before housing costs)
- **Lowest paid lower managerial** and intermediate workers
  - Incomes fell by 7 per cent after housing costs
- **Best paid higher managerial** and routine workers
  - incomes fell by more than 7 per cent after housing costs
- **London middle (median) incomes**
  - Incomes fell at the median by more than 7 per cent after housing costs

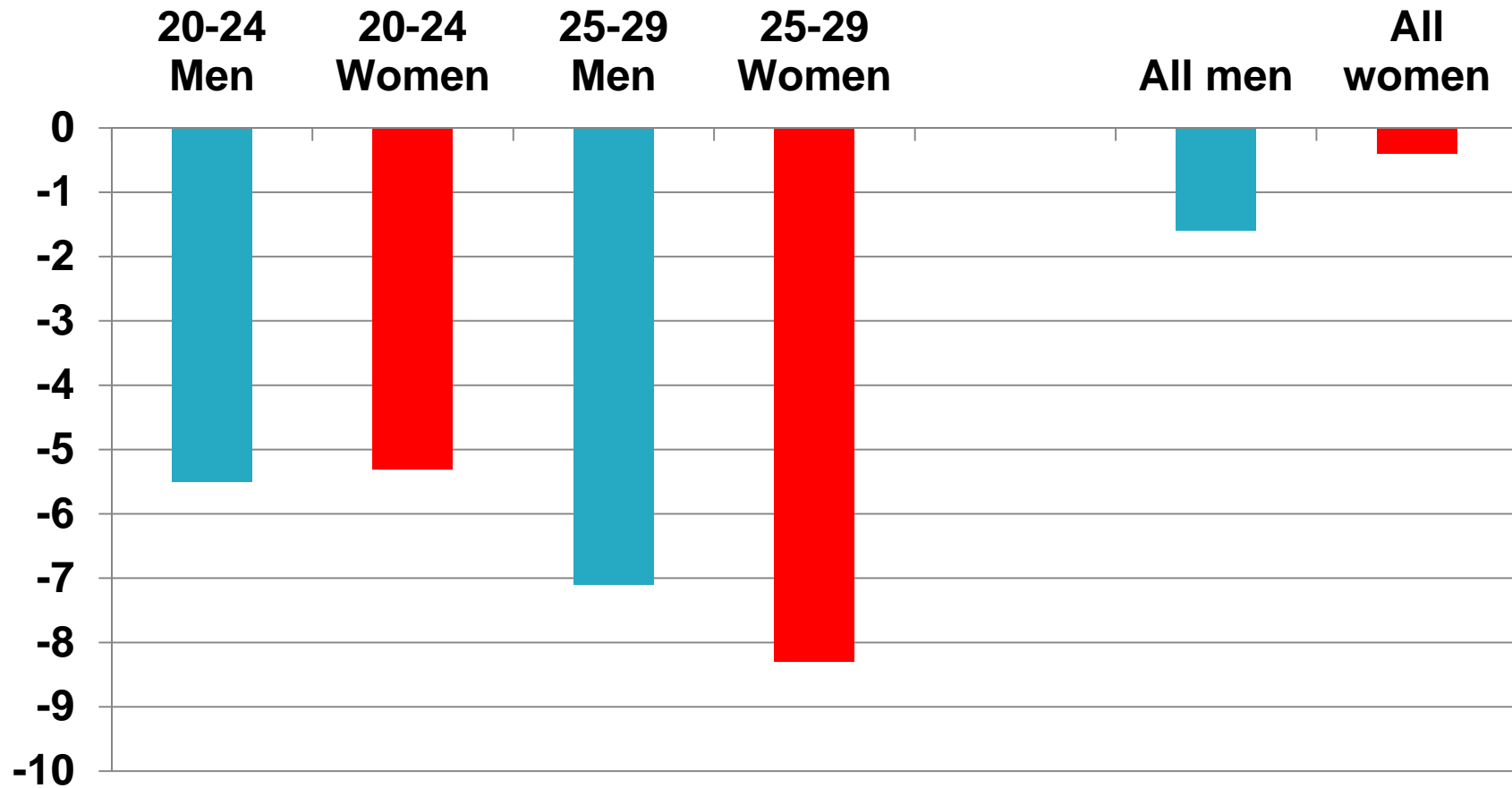
# Born in the 1980s: the best-qualified generation ever? (change in percentage points by age, 2006-08 to 2010)

		Men	Women
<b>Degree or higher degree</b>	20-24	+1.5	+1.9
	25-29	+2.2	+2.4
	30-34	+2.9	+6.0
	50-54	+1.1	+2.3
	55-59	+1.7	+3.3
	60-64	+2.4	
<b>No qualifications</b>	20-24	-1.2	-2.0
	25-29	-0.7	-1.3
	30-34	-1.3	-1.4
	50-54	-3.5	-5.5
	55-59	-2.4	-6.1
	60-64	-4.6	

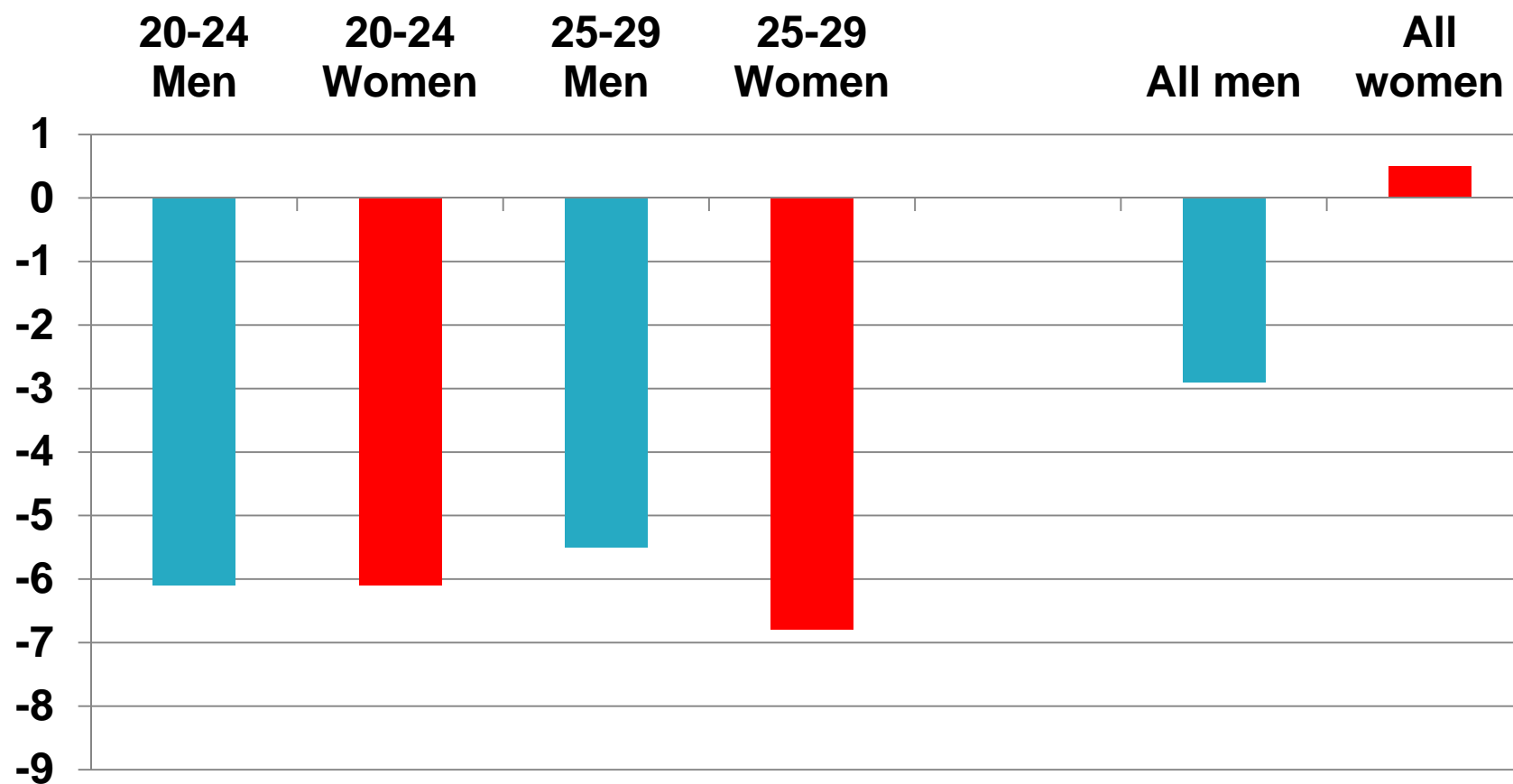
# But they bore the brunt of the crisis (change in full-time employment, percentage points, 2006-08 to 2010)



# Hourly wages fell much faster for men and women in their 20s than for others (% real change, 2006-08 to 2010, all employees)



... and so did full-time weekly earnings  
(% real change at median, 2006-08 to 2010, full-time employees)





**... and net incomes fell even faster**  
**(% real change at median, 2007-08 to 2010-11,**  
**incomes adjusted for household size)**

