

# Tory failure on living standards sees real earnings fall by £1,200

Labour

analysis, using House of Common's Library endorsed modelling, shows that:

**Average real earnings are set to fall by £1,200 as a result of rising inflation and lower wage growth**

At the

Budget last month we saw inflation forecast up this year and average earnings forecasts lowered next year and for the next two years.

The

combination of higher prices and lower wages is that living standards are set to be squeezed.

This time

last year, at the Budget 2016, the OBR was forecasting real average earnings growth of 9 per cent between 2015 and 2020 (average earnings adjusted for CPI inflation). However, at this year's Budget, this was revised down to growth of 5 per cent between 2015 and 2020.

Converting

this to income values, Budget 2016 was forecasting that real average earnings would be almost £2,500 higher in 2020 than in 2015. However, at Budget 2017 this was revised down to £1,300. This is a difference of £1,200.

Today's

analysis comes on the back of IFS analysis last year which showed that the "outlook for living standards has deteriorated rather sharply", describing the prospects for real earnings growth as "dreadful".

The

Resolution Foundation has also said that the "outlook for living standards in 21<sup>st</sup> century Britain does not look promising" and that "weak and regressive nature of income growth in the years ahead should concern us all".

This analysis looks at the effect on living standards resulting from changes to OBR forecasts at this year's Budget.

Tax and benefit changes, as well as previous OBR forecasts will impact on living standards; however, this analysis focuses just on inflation and earnings outlook.

**John**

**McDonnell MP, Labour's Shadow Chancellor**, commenting, said:

"Today's analysis shows the impact of seven years of Tory economic failure.

"Living standards are being squeezed and working people are being hit hard. This is despite the Tories promising at the last General Election that they would raise living standards.

"The truth is that Theresa May has failed working people and the Tories are taking the country backwards. Labour would make different choices and stand up for ordinary working families.

"Only Labour will take the action needed to end the Tories' economic failure by introducing a Real Living Wage of £10 an hour by 2020 and by investing in our regions and our local communities."

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## [The Government's rhetoric on social mobility has not been matched by results – Angela Rayner](#)

**Angela Rayner MP, Labour's Shadow Education Secretary**, responding to a Teach First report that claims the country's poorest parents have half the chance of getting their child into an outstanding primary school, compared to the richest ones, said:

"This is just the latest evidence that the Government's rhetoric on social mobility has not been matched by results.

"Theresa May's only answer to the social mobility crisis is her discredited policy of new grammar schools, which by definition ignores the crucial early years of a child's life and does nothing to ensure all children go to a good primary school.

"It is clear that the Tories do not have the answers to the serious issues facing our schools, such as the crisis in recruitment and retention, super-size classes, and the unprecedented squeeze in school budgets."

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# Employees in small businesses earned less than previously thought between 2010 and 2015 – Rebecca Long-Bailey

**Employees in small businesses earned less than previously thought between 2010 and 2015**

Analysis of government figures shows:

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Methodological revisions to the Average Weekly Earnings of employees in small businesses shows a downgrade in level of earnings between 2010 and 2015

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The Government's mishandling of the economy and mistreatment of small businesses has resulted in pay for employees being less than thought

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Between 2010 and 2015, the average revision downwards in the level of weekly earnings was 1.7 percent. This amounts to more than £2,000 over that period less than previously thought,.

**Rebecca Long-Bailey MP, Labour's Shadow Secretary for Business, Energy and Industrial Strategy, said:**

"The latest revision to the methodology for calculating earnings for employees in small businesses shows that the level of earnings was less than previously thought during the period 2010 to 2015.

"Added up, between July 2010 to December 2015, earnings for the average employee in a small business were in fact over £2,000 less than previously thought. This is a further indictment of the Conservative's already terrible record of protecting the living standards of people in this country and their failure to recognise the experiences and requirements of small businesses."

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# Labour demand inquiry into Libor rigging scandal – John McDonnell

**John McDonnell MP, Labour's Shadow**

**Chancellor, has today written to the Chancellor, Philip Hammond MP, to demand the opening of a public inquiry into the scandal of Libor interest-rate rigging.**

**Interest rate rigging could have cost the public billions and public bodies affected are due compensation**

New

evidence uncovered by the BBC Panorama programme points to collusion between senior figures at the Bank of England and major banks to rig the critical "Libor" interest rate that trillions of pounds of financial products depend on.

And

court transcripts, shown below, from the recent trial of bank staff accused of rigging Libor also show that the rigging of this crucial interest rate was known to regulators and Bank of England staff at least as far back as August 2005.

But

with small businesses and public bodies dependent on loans and more complex financial products linked to the value of Libor, efforts to rig the interest rate could have cost the public billions. Schools, NHS hospitals and local authorities are all amongst those likely to be affected, particularly where they had been sold more complex Libor-linked financial derivatives.

The

Shadow Chancellor is asking for an immediate public inquiry into the rigging to establish who took the decision to apply this pressure, who was involved in its implementation, who was aware that this was taking place, and whether any impact assessment was undertaken at any point.

This

is essential in establishing the scale of compensation due to public bodies from banks engaged in Libor rigging.

**John**

**McDonnell MP, Labour's Shadow Chancellor, said:**

"The

revelations this week of the possible pressure being applied by senior public officials on banks to rig one of the world's most important financial metrics

demand an immediate response from this government. Continuing official silence from the Chancellor is not acceptable when confronted with this scale of rigging.

“It is essential that we clarify who took the decisions to rig the Libor index, and when, so that the schools, NHS hospitals and local councils that lost out can be paid the compensation that is rightfully due and public confidence in our banking system and official institutions can be restored.”

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## [Have a happy and peaceful Easter – Jeremy Corbyn](#)

**Jeremy Corbyn, speaking on Easter Sunday, said:**

“I would like to wish everyone a happy Easter this weekend.

“As millions mark Easter around the world, it’s a time to reflect on the challenges we face both at home and internationally – and what our response should be.

“We hear painful stories every day, of homelessness, poverty or crisis in our health service – or across the world, of the devastating consequences of war and conflict, including millions forced to become refugees.

“It would be easy to retreat into our private lives because the challenges seem overwhelming, or allow ourselves to be divided and blame others.

“But we need to respond to these problems head on, through action and support for social justice, peace and reconciliation.

“Those principles are at the heart of Christianity. And Christians throughout the world will this weekend be remembering Jesus’s example of love and sacrifice, and the Easter message of redemption and peace.

“At a time of growing conflict, that message of peace could not have more urgency throughout the world.

“I meet Christians, and others of all faiths and none on a daily basis, who share and live those ideals: people who give their time for others, to run food banks, protect the vulnerable, look after the sick, the elderly and our young people.

“That spirit of respect for each other, peace and equality is one we can all share. So to all Christians and those of all faiths and none, have a happy

and peaceful Easter.”