



Green Party

£10 an hour

A new target for the minimum wage

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Summary

- The Green Party proposes a new minimum wage target of £10 an hour for everyone by 2020.
- The minimum wage would be linked to living costs to ensure that it rises as these go up.
- Every worker aged 16 and above would be paid at least the minimum wage – we would abolish the age-based differential rates currently in place.
- Increasing the minimum wage to a level at which it becomes a 'living wage' would benefit an estimated 5.2 million people – about 17% of the working population.
- The Green Party would immediately increase the minimum wage to living wage levels.
- A living wage is one of a package of measures, including the introduction of a Wealth Tax on the top 1% and company-wide pay ratios, which the Green Party is calling for to address persistent inequality and poverty.



Introduction: the problem

Work isn't paying enough.

More than half of the 13 million people living in poverty in 2012 lived in a family where at least one person worked.¹

Six years after the global financial crisis and the beginning of the great recession wages remain too low for too many people. More than 5 million people currently earn less than the living wage of £7.65 outside London and £8.80 in the capital.²

The current national minimum wage of £6.31 an hour, falling to just £3.72 for under-18s, is grossly inadequate.³

Employers who pay less than their workforce need to live on are subsidised by the state in the form of in-work welfare benefits – such as tax credits and housing benefit. The housing benefit bill already amounts to more than £24 billion a year and is projected to exceed £25 billion a year by 2017.⁴

More than 9 in 10 new housing benefit claimants between January 2010 and December 2011 were in work.⁵

Tax credits amount to almost £30 billion a year.⁶

¹ Joseph Rowntree Foundation (2013), Monitoring Poverty and Social Exclusion 2013, page 26: <http://www.jrf.org.uk/sites/files/jrf/MPSE2013.pdf>

² Living Wage Commission (2014), Work that pays, page 5: http://livingwagecommission.org.uk/wp-content/uploads/2014/07/Work-that-pays_The-Final-Report-of-The-Living-Wage-Commission_w-4.pdf

³ National Minimum Wage rates: <https://www.gov.uk/national-minimum-wage-rates>

⁴ The Guardian, UK housing benefit bill will soar to £25bn by 2017, 24 April 2014: <http://www.theguardian.com/housing-network/2014/apr/24/housing-benefit-bill-soar-25-billion-2017>

⁵ Inside Housing, Majority of new housing benefit claimants in work, 30 March 2012: <http://www.insidehousing.co.uk/majority-of-new-housing-benefit-claimants-in-work/6521183.article>

⁶ Institute for Fiscal Studies (2013), The IFS Green Budget 2013, page 223: <http://www.ifs.org.uk/budgets/gb2013/gb2013.pdf>



The solution: a living wage

A living wage is not a new idea.

In 1909, then President of the Board of Trade Winston Churchill called for it:
"It is a serious national evil that any class of His Majesty's subjects should receive less than a living wage in return for their utmost exertions".⁷

In 1933 US President Franklin D. Roosevelt – the man who signed the first US minimum wage into law – said:

"No business which depends for existence on paying less than living wages to its workers has any right to continue in this country. By living wages, I mean more than a bare subsistence level — I mean the wages of a decent living".⁸

Article 23 of the Universal Declaration of Human Rights adopted in 1948, to which the UK is a founding signatory, says:

Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity.⁹

More recently, British politicians have been keen to present themselves as supporters of a living wage.

David Cameron described it in 2010 as "an idea whose time has come".¹⁰ In 2012 Ed Miliband said that, "The living wage is a really important idea".¹¹ The Mayor of London Boris Johnson has previously said: "Paying the London Living Wage is not only morally right, but makes good business sense too."¹²

Yet, despite the rhetoric, Conservative and Labour politicians having delivered disappointing results. The number of people earning below the living wage has risen, not fallen – from 3.4 million in 2011 to 5.2 million today.¹³ In London Boris

⁷ Hansard, HC Deb., col. 388, 28 April 1909:

http://hansard.millbanksystems.com/commons/1909/apr/28/trade-boards-bill#S5CV0004Po_19090428_HOC_221

⁸ Cited in New York Times, F.D.R. Makes the Case for the Minimum Wage, 7 March 2014:

<http://takingnote.blogs.nytimes.com/2014/03/07/f-d-r-makes-the-case-for-the-minimum-wage/>

⁹ Universal Declaration of Human Rights: <http://www.un.org/en/documents/udhr/>

¹⁰ The Guardian, Living Wage campaign marks 10 years of fighting for the poorest, 1 May 2011:

<http://www.theguardian.com/society/2011/may/01/living-wage-campaign-10-years>

¹¹ The Guardian, Labour backs voluntary London living wage, says Ed Miliband, 14 March 2012:

<http://www.theguardian.com/politics/2012/mar/14/statutory-london-living-wage-ed-miliband>

¹² Quoted by Living Wage Foundation: <http://www.livingwage.org.uk/>

¹³ For 2011 figure: Resolution Foundation (2013), Low pay Britain 2013, page 3:

http://www.resolutionfoundation.org/media/media/downloads/Low_Pay_Britain_2013.pdf; for 2014 figure: Living Wage Commission (2014), Work that pays, page 5:



Johnson admits that 750,000 Londoners still earn less than the London Living Wage.¹⁴

The current political approach is not ending the injustice of poverty pay fast enough. That's why the Green Party propose a new approach: an increase in the statutory minimum wage to bring it up to living wage levels and a new target of £10 an hour for all employers to reach by 2020.

http://livingwagecommission.org.uk/wp-content/uploads/2014/07/Work-that-pays_The-Final-Report-of-The-Living-Wage-Commission_w-4.pdf

¹⁴ GLA (2013), A fairer London, page 4: <http://www.london.gov.uk/sites/default/files/living-wage-2013.pdf>



The numbers: history and projections

Year	Living Wage Foundation reference hourly rate ¹⁵ (£)	Minimum Income Standard hourly rate ¹⁶ (£)	Living Wage Foundation applied hourly rate ¹⁷ (£)
2011 actual			7.20
2012 actual	8.80		7.45
2013 actual	9.08		7.65
2014	9.37 projected	8.33 actual	7.88 projected
2015 projected	9.67	8.58	8.12
2016 projected	9.98	8.84	8.36
2017 projected	10.30	9.10	8.61
2018 projected	10.63	9.38	8.87
2019 projected	10.97	9.66	9.14
2020 projected	11.32	9.95	9.41
2021 projected	11.68	10.24	9.69
2022 projected	12.05	10.55	9.98
2023 projected	12.44	10.87	10.28

How projections are calculated:

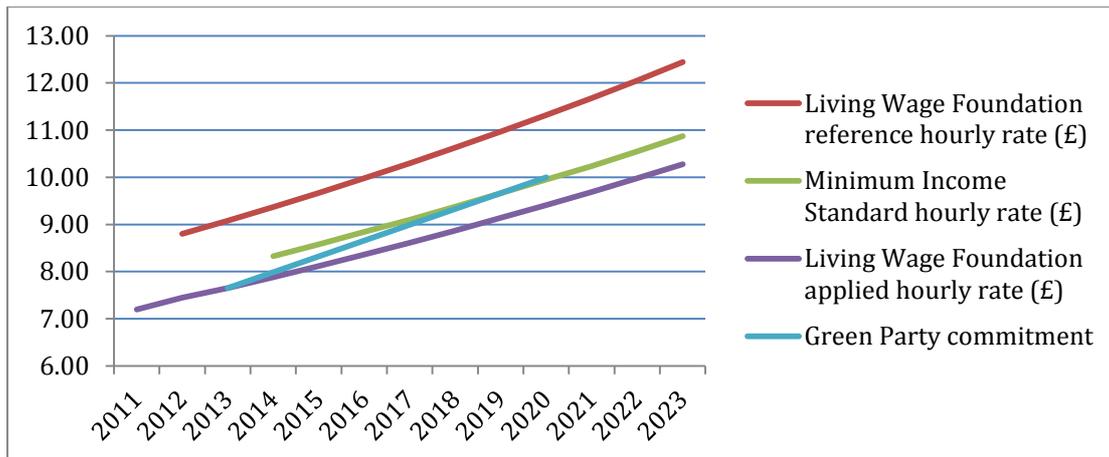
- The Living Wage Foundation reference hourly rate assumes an annual increase of 3.2% - the rate of increase between 2012 and 2013.
- The Minimum Income Standard hourly rate is reached by adding 5.7% to the Living Wage Foundation applied hourly rate – preserving the current difference between the two rates.
- The Living Wage Foundation applied hourly rate assumes an annual increase of 3.0% - the average annual increase between 2011 and 2013.

¹⁵ The Living Wage Foundation 'reference' rate reflects "actual minimum living costs". See CRSP (2013), Working paper: uprating the UK Living Wage in 2013, page 14: <http://www.lboro.ac.uk/media/wwwlboroacuk/content/crsp/downloads/Uprating%20the%20out%20of%20London%20Living%20Wage%20in%202013.pdf>

¹⁶ The Minimum Income Standard hourly rate is produced by Joseph Rowntree Foundation and is "based on what members of the public think people need for an acceptable minimum standard of living". See Joseph Rowntree Foundation (2014), A minimum income standard for the UK in 2014, pages 1 and 34: <http://www.jrf.org.uk/sites/files/jrf/Minimum-income-standards-2014-FULL.pdf>

¹⁷ The Living Wage Foundation 'applied' rate "while originating from a benchmark representing real minimum living costs, has been restricted to a level that is lower than these costs". See CRSP (2013), Working paper: uprating the UK Living Wage in 2013, page 14: <http://www.lboro.ac.uk/media/wwwlboroacuk/content/crsp/downloads/Uprating%20the%20out%20of%20London%20Living%20Wage%20in%202013.pdf>





The Green Party's target date for a minimum wage of £10 an hour by 2020 falls roughly in the middle, between the Living Wage Foundation reference hourly rate and the Living Wage Foundation applied hourly rate.

Why £10 an hour?

The Living Wage rates, as calculated by the Living Wage Foundation, are on course to reach £10 an hour within the next few years. The living wage reference rate¹⁸ – the level at which hourly wages need to be to reflect 'actual minimum living costs' – is due to exceed £10 an hour by 2017.

£10 an hour is a reasonable medium-term target to aim for. It is easy to understand for both employers and employees and easy to explain to the public at large.

¹⁸ CRSP (2013), Working paper: uprating the UK Living Wage in 2013, page 14:

<http://www.lboro.ac.uk/media/www/lboro.ac.uk/content/crsp/downloads/Uprating%20the%20out%20of%20London%20Living%20Wage%20in%202013.pdf>



What the public thinks

79% of the general public agree that “people working full-time should be paid enough to maintain a basic but socially acceptable lifestyle”.¹⁹

Londoners are overwhelming in favour (64%) of making the London Living Wage a legal requirement for all employers in the capital.²⁰

This briefing was written and researched by Tom Sharman

¹⁹ Living Wage Commission (2014), Work that pays, page 6: http://livingwagecommission.org.uk/wp-content/uploads/2014/07/Work-that-pays_The-Final-Report-of-The-Living-Wage-Commission_w-4.pdf

²⁰ YouGov, 23 October 2013: <http://yougov.co.uk/news/2013/10/23/londoners-living-wage-legally-required/>

