



8<sup>th</sup> July 2021

Online event

@TheIFS

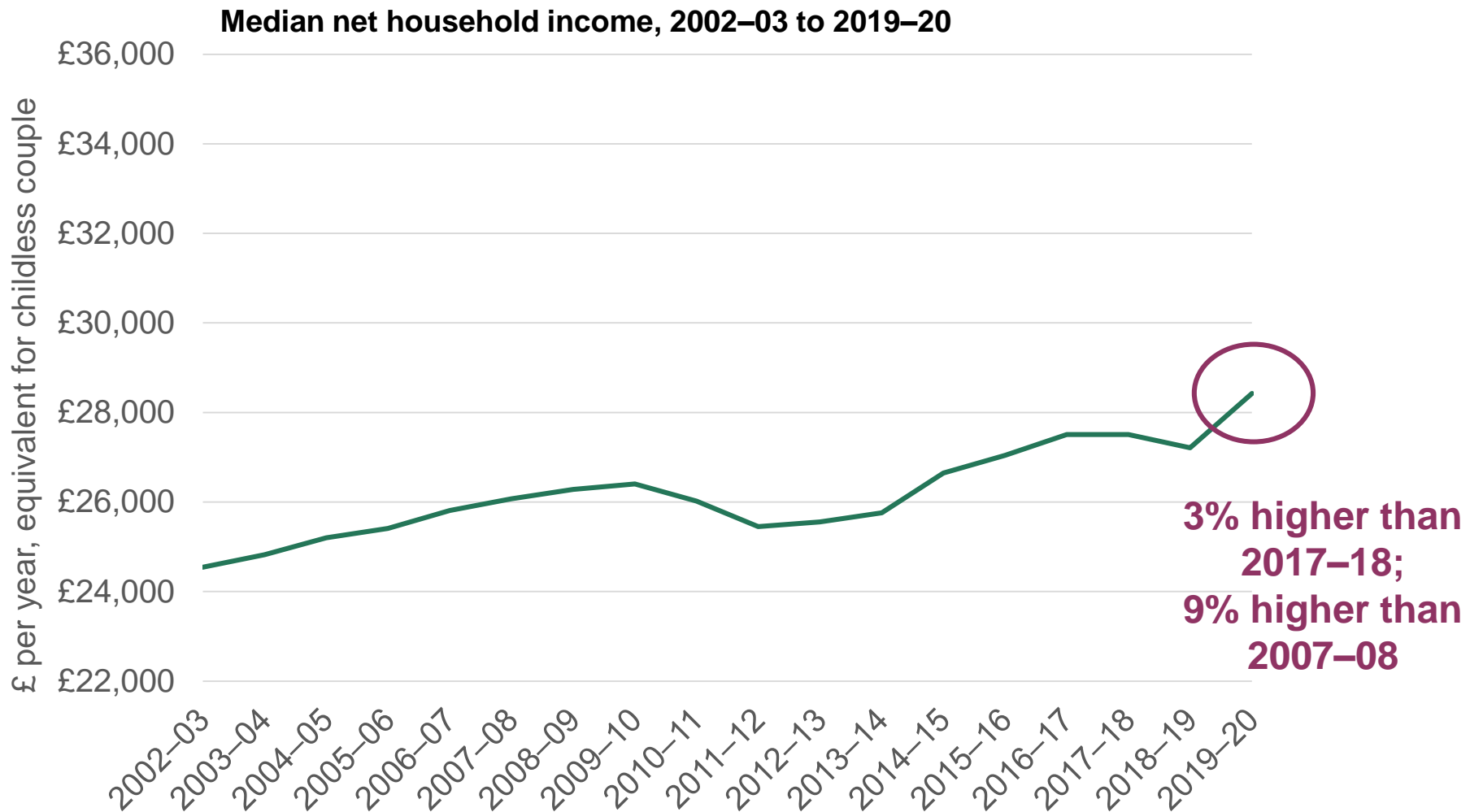
Jonathan Cribb, IFS

# Where were we before the pandemic?



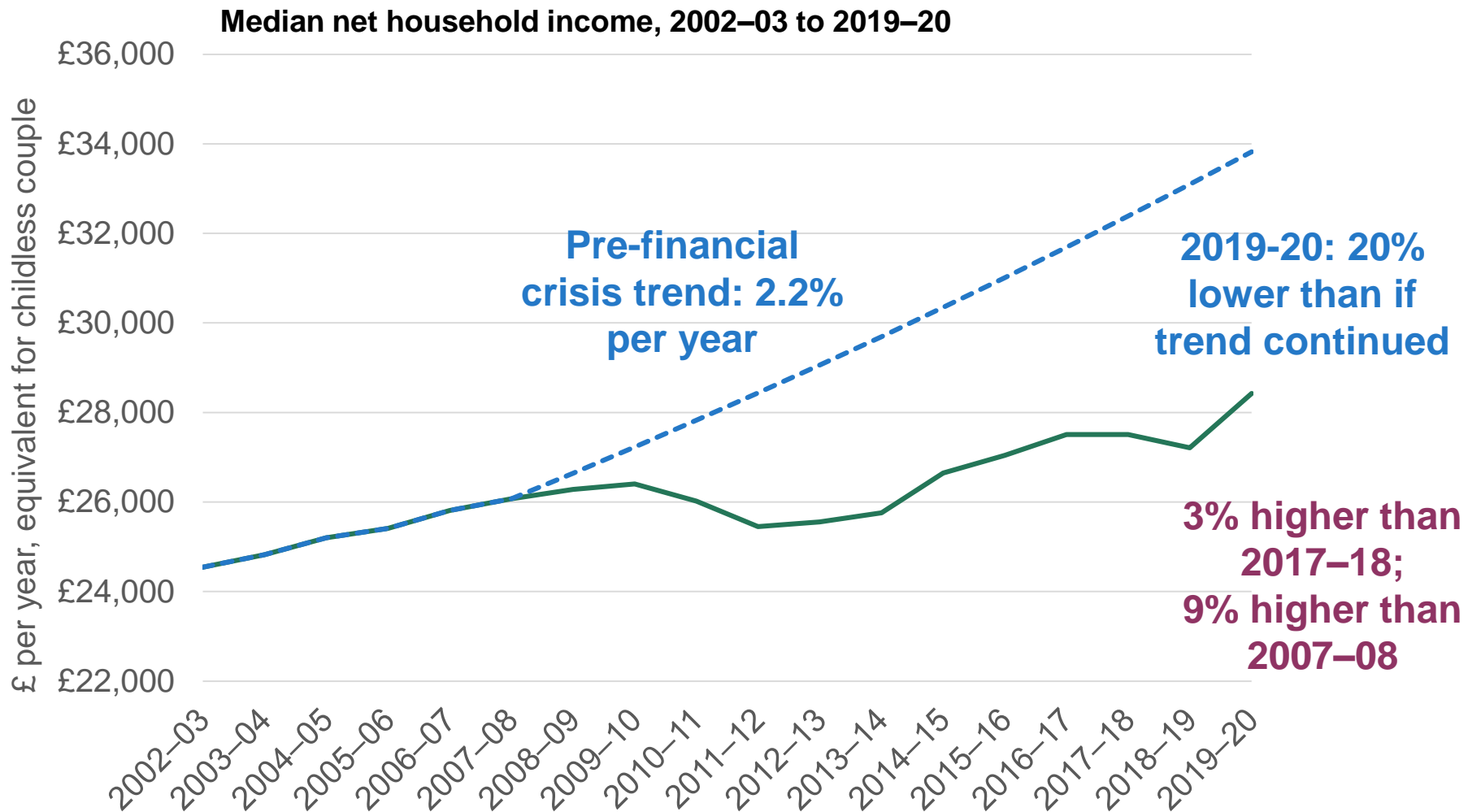
Economic  
and Social  
Research Council

# Median income was growing steadily



Source: Figure 2.1 of Cribb et al (2021)

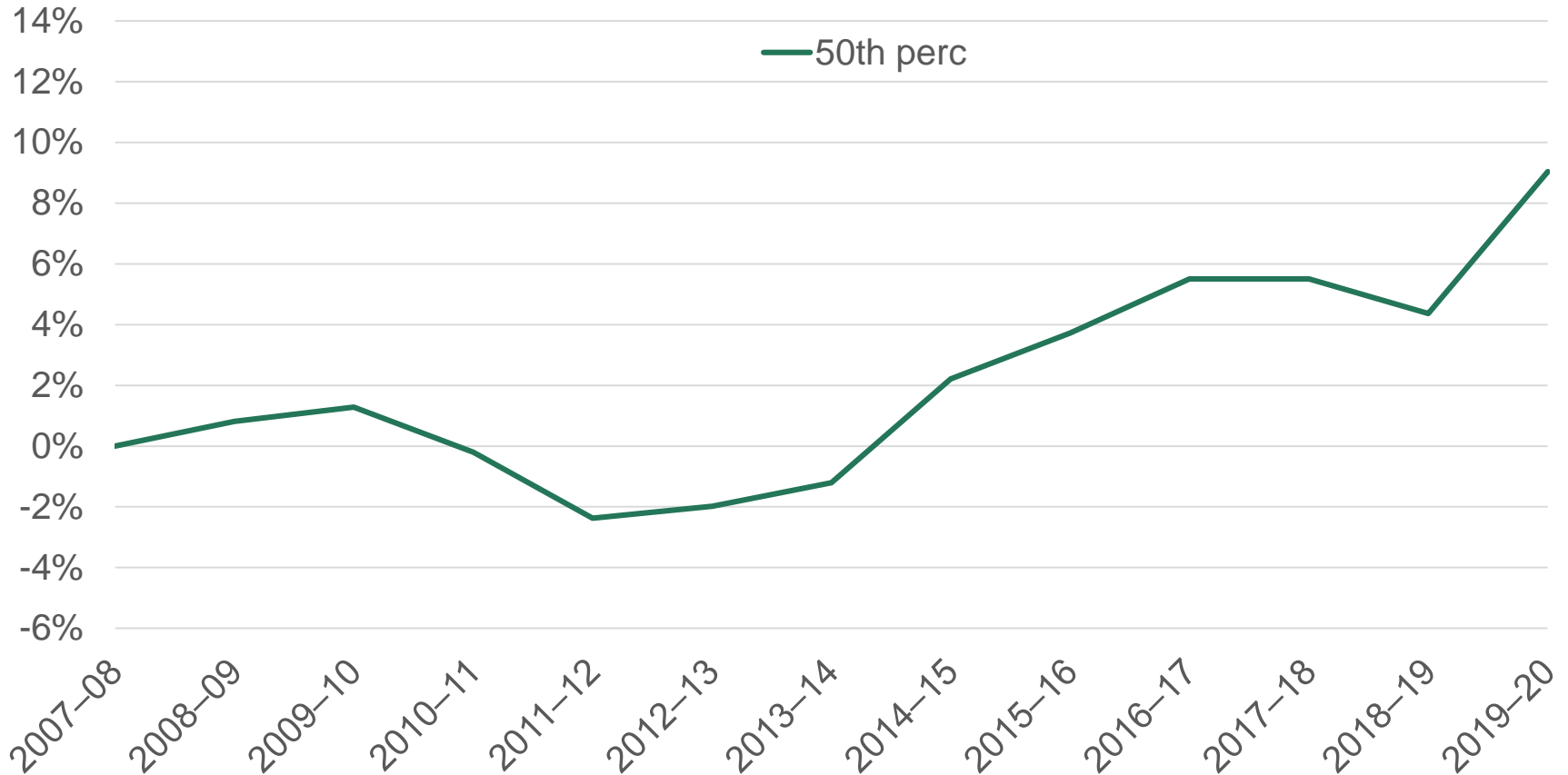
# Median income was growing steadily



Source: Figure 2.1 of Cribb et al (2021)

# Slow growth across distribution, though stalled since 13/14 for poorest

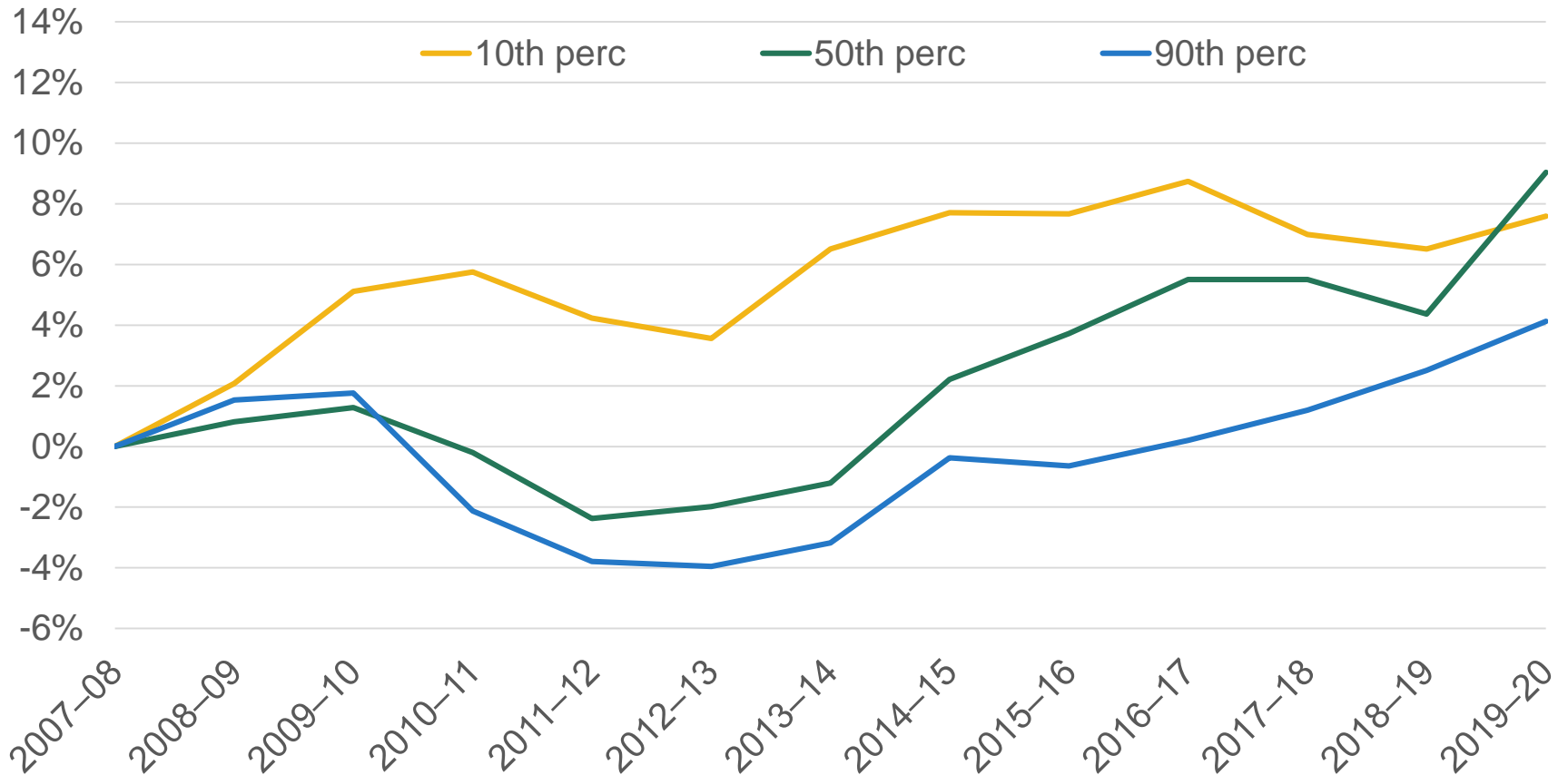
Real income growth, by percentile point, since 2007-08



Source: Figure 2.3 of Cribb et al (2021)

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Real income growth, by percentile point, since 2007-08



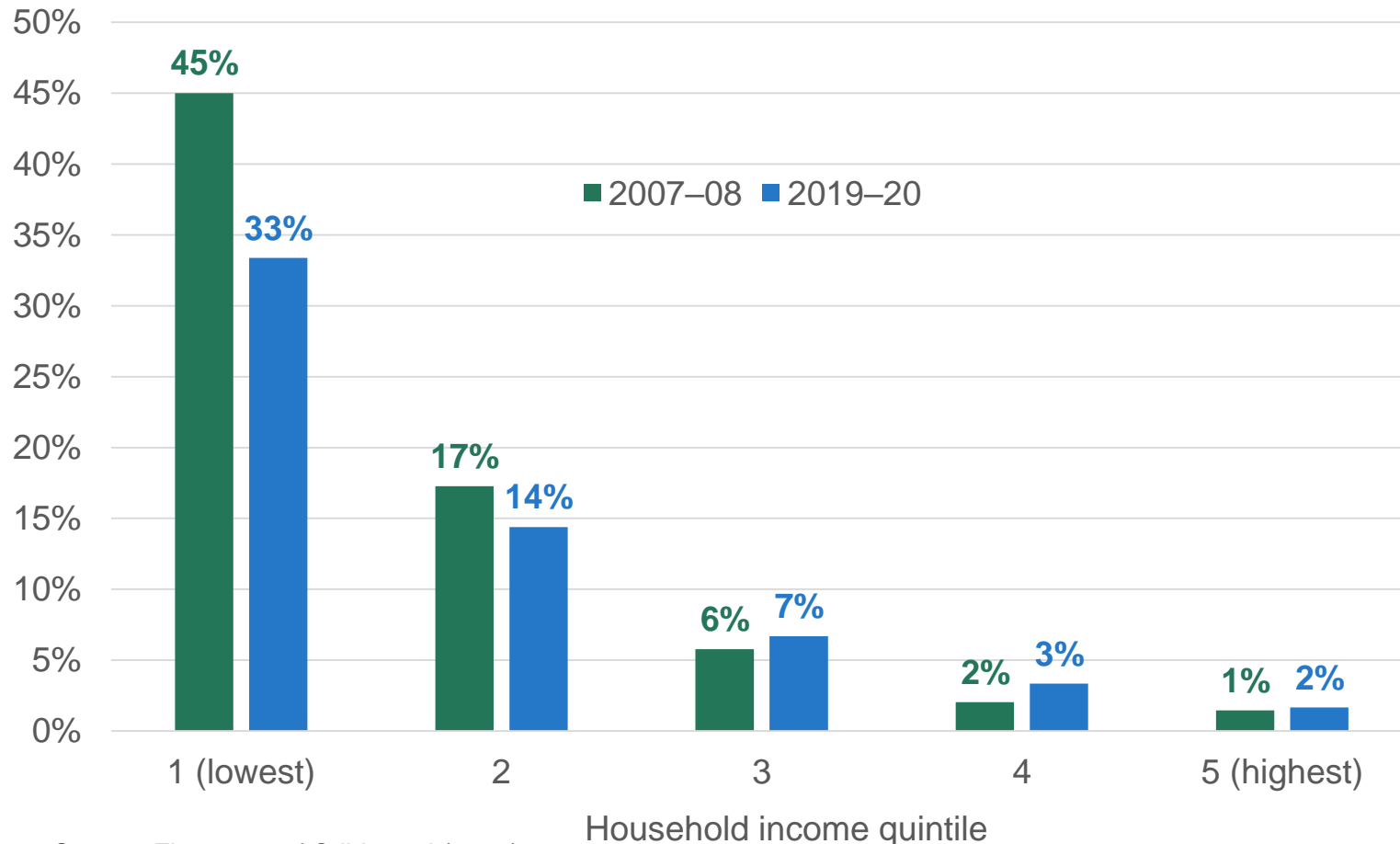
Source: Figure 2.3 of Cribb et al (2021)

# Drivers of income growth for low income households

- Incomes pushed down by reductions to working-age benefit entitlements since 2010
- But pushed up, on average, by increases in employment

# Worklessness fell for poorer households

Percentage living in a workless household, across income distribution (BHC), excluding pensioners



Source: Figure 2.7 of Cribb et al (2021)

# Income inequality across most of distribution similar to late 1990s

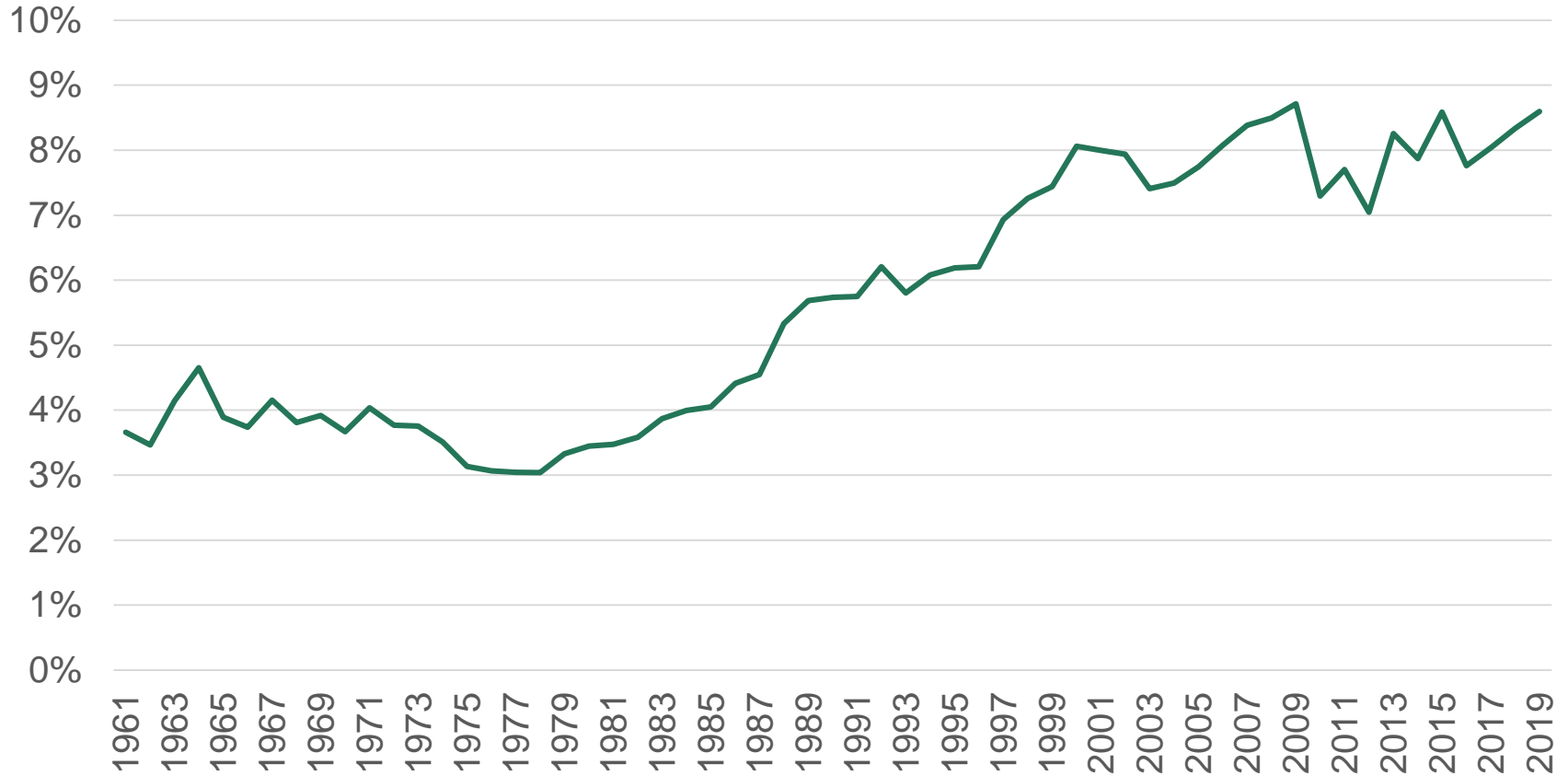


Source: Figure 2.9 of Cribb et al (2021)



# Top 1% share similar to late 2000s

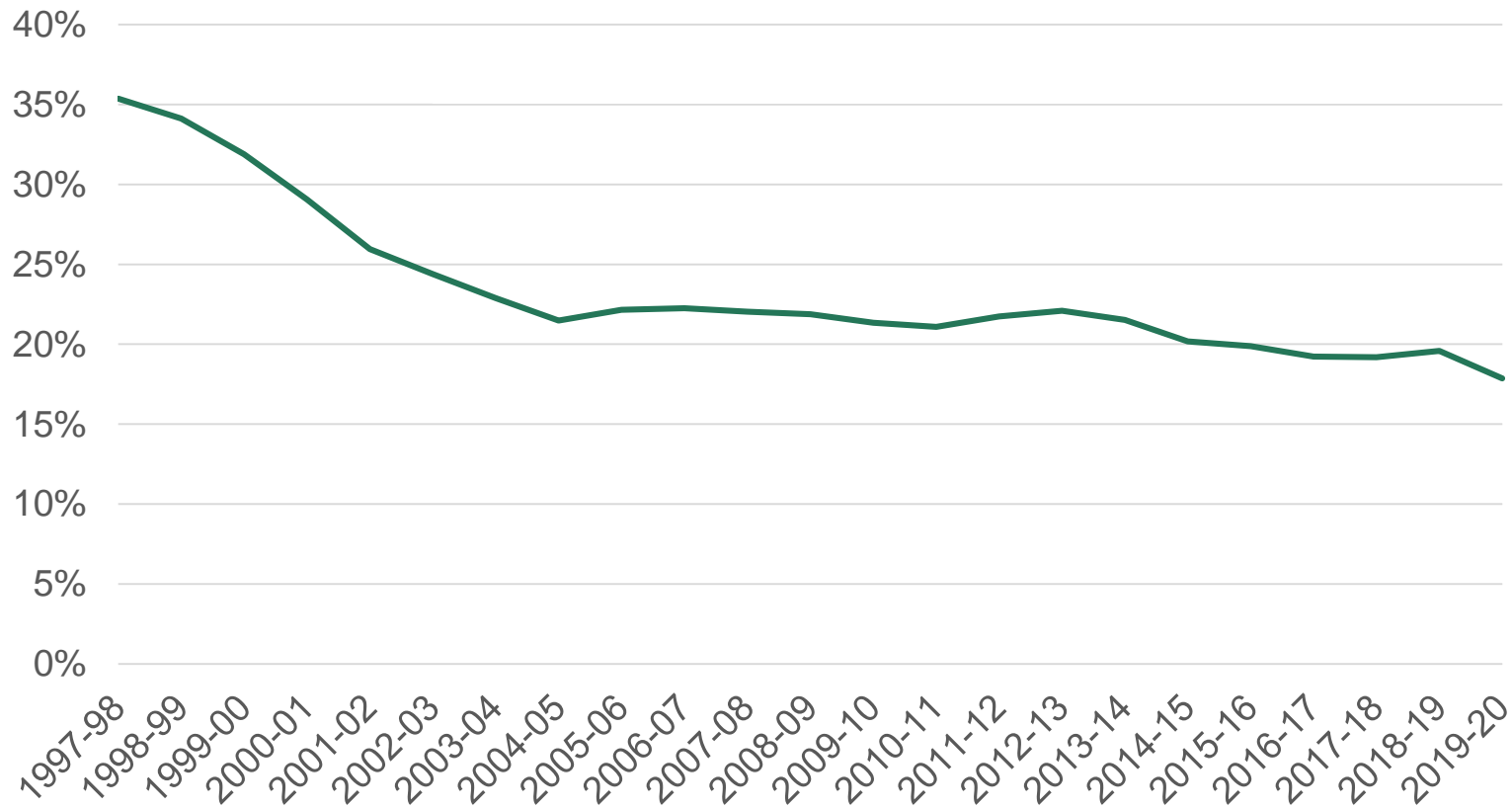
Top 1% share of household incomes, 1961 to 2019–20



Source: Figure 2.10 of Cribb et al (2021)

# Overall absolute poverty was continuing to fall (very slowly)

Absolute (AHC) poverty rate, 1997-98 to 2019-20

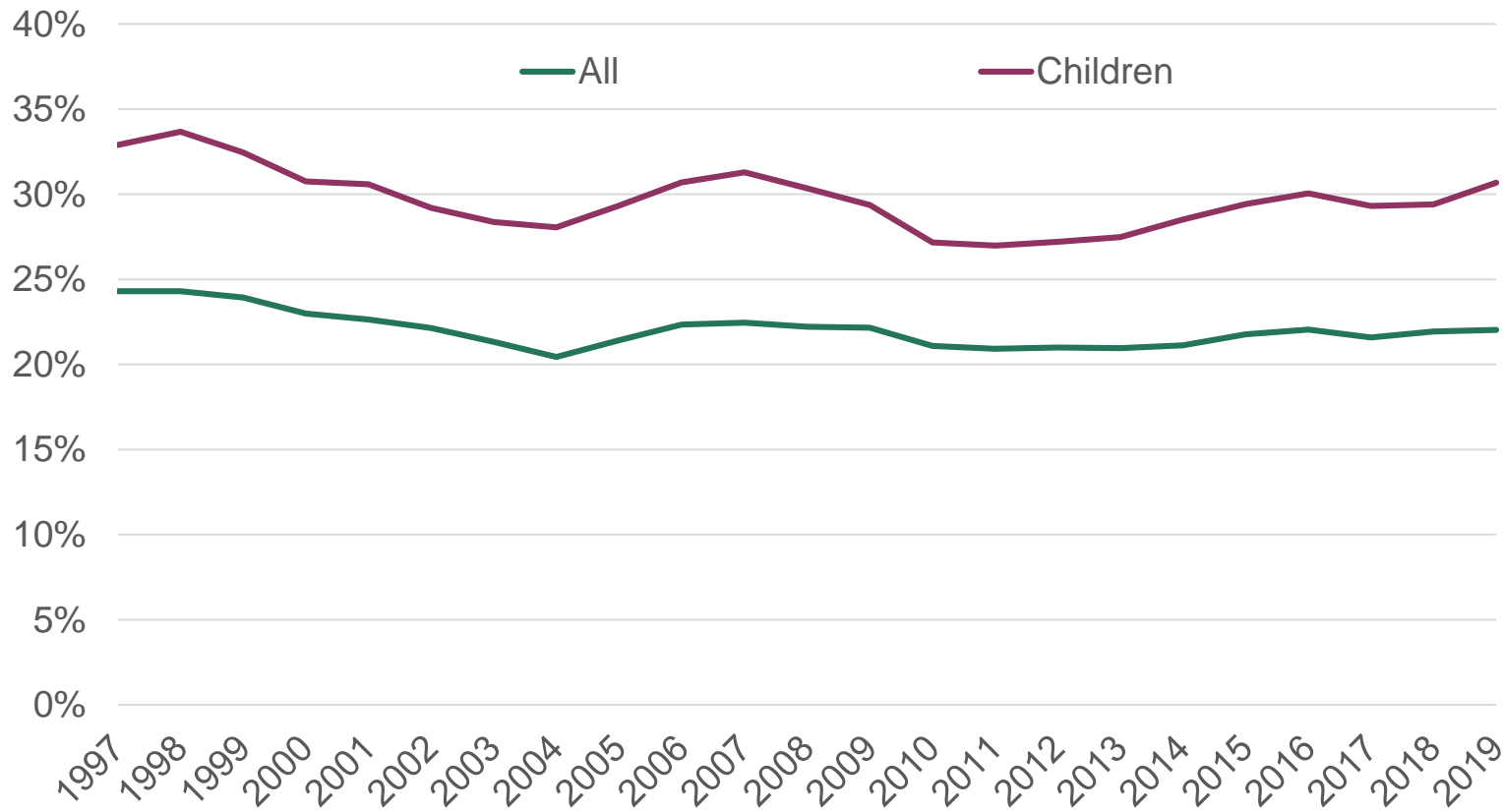


Source: Figure 2.12 of Cribb et al (2021)

# Relative poverty flat, rising gradually for children, pensioners

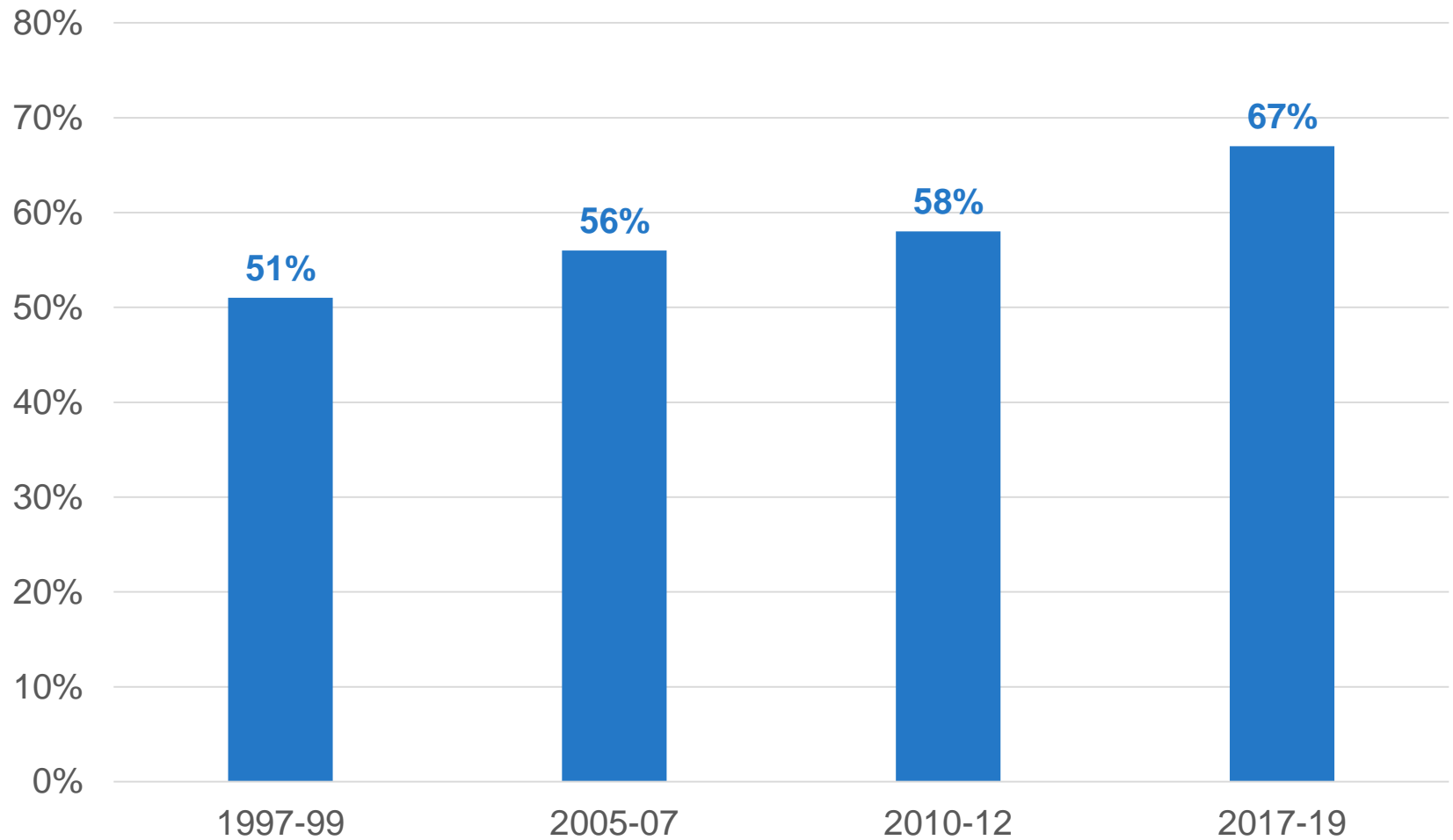


Relative (AHC) poverty rate, by demographic, 2007



Source: Figure 2.13 of Cribb et al (2021)

# Fraction of those in poverty living in working households rising



Note: Under 65s only. Source: Table 2.1 of Cribb et al (2021). Poverty measured as relative (AHC) poverty

# Summary

- Pre-pandemic years: steady, but still fairly slow, income growth
  - Way behind where we could have expected to be
- Income growth stalling for poorer households since 2013–14
- Historically small declines in absolute income poverty; recent rises in child relative poverty
- Poverty was increasingly an issue of working households
  - Meant low-income households more vulnerable to losing employment when a big shock comes along

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