

Osborne's fictitious 'living wage'

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Is there any point in quibbling about the technical meaning of words when politicians abuse technical meanings in order to change public perceptions? Those who work with numbers may mistakenly assume their precise meanings are understood by others. Misunderstanding gets worse when the precision of numbers is used to represent ideas, which are themselves complex and 'woolly'. Publics, journalists and politicians may all struggle to understand and present such matters accurately. We may be irritated when statistics are used as factoids when the underlying facts have not been established. Examples in the field with which I'm most familiar often end with 'well, it all depends on what you mean by poverty'. If you haven't clarified that before starting, what on earth are you measuring so confidently (Veit-Wilson 2014)?

All this gets worse when technical terms that do have generally agreed meanings are deliberately hijacked for ideological reasons. A recent example was George Osborne's misappropriation of the quasi-technical term Living Wage (LW), which in his Budget Speech on 8 July 2015 he attached to a lower level of hourly wage rates under the title 'national living wage'. As commentators remarked, this is simply a slightly higher rate of the statutory minimum wage. His aim was to steal the positive values associated with the Living Wage brand (LWF 2015) so that his intended audiences, probably no more epistemologically or methodologically sophisticated in the social sciences than he is, would believe that the new levels were based on the same conception and costs of what it means to 'live' decently as is the Living Wage. The real LW calculations are based on the minimum standards of decent participatory living held by the UK population. By contrast the statutory minimum wage is based on a totally different paradigm, that of 'global competitiveness' about the shares of production which go to capital ('the needs of the economy') or to labour. It is nothing more than a haggle over the competing demands of the employers, the trade unions and the government. The population's own standards of decent living play no part in the minimum wage negotiations.

Three aspects of this affair raise important questions about the quantitative precision of high-profile measurement tools and the qualitative immensurability of the underlying concepts and meanings, which the tools are meant to measure and come to symbolise. That is relevant here and invites more intensive examination than they got at the time of the budget. One is the significance of the dispute over the abuse of technical meanings associated with quantitative measures: who 'owns' the right to define a measure and its uses? Another is the complexities of the transit from qualitative research findings and abstract evaluative concepts of decent inclusive life (costed on a per person basis) to a quantitative hourly wage rate for assumed variable household needs. The third is the lamentable confusion between quantitative and qualitative measurements, between statistics of inequalities and those of deprivations or poverty and the meanings associated with them.

1. Who 'owns' a measure?

First, George Osborne's action in stealing the term 'living wage' was more important than merely the theft of an unregistered brand name, bad though that is. His attempt to change the meaning of the phrase was akin to what George Orwell described in his dystopian novel *1984* as 'Newspeak',

"the purpose of Newspeak was ... to make all other modes of thought impossible. Its vocabulary was so constructed as to give exact and often very subtle expression to every meaning that a Party member could properly wish to express, *while excluding all other meaning and also the possibility of arriving at them by indirect methods.*" (Orwell 1949, *Appendix: the Principles of Newspeak*; emphasis added).

In more modern jargon, Osborne misappropriated the idea of a living wage from humanistic into neoliberal discourse, with the aim of enforcing closure onto the 'adequacy for decent living' meaning and its absorption into the 'can business afford it?' economic frame of reference. The population as the crucial arbiter of meaning in terms of shared experiences, standards and attitudes towards minimally decent living, and the social scientist as articulator of these collective meanings, are displaced by Osborne's decree and replaced by his decision that politicians will own and decide the meanings for the population to accept passively. Another current example is the government narrative that people in poverty are individually responsible for their plight, which the government asserts is caused by their

improvident behaviour and experience (often reaching back into their childhoods) and has nothing to do with currently inadequate labour market rewards or social security benefits for which the government might be held responsible. This conflicts with the empirically-verifiable social science epistemological reality but exemplifies politicians acting as if they own the meanings and can determine how they are to be used, aiming at closure on other meanings.

I could add that the adoption of Orwell's 1984 fiction as a model here is no accident merely to be noted in passing as a literary parallel. Ideas which Orwell included for instance in the 'book in a book', 'Emmanuel Goldstein's *Theory and Practice of Oligarchical Collectivism*' (Orwell 1949, Part 2 chapter 9), can be read as a guide to current government social policy. To demonstrate and develop this idea needs a different article, but it's worth reflecting on a passage in that fiction —

For if leisure and security were enjoyed by all alike, the great mass of human beings who are normally stupefied by poverty would become literate and would learn to think for themselves; and when once they had done this, they would sooner or later realize that the privileged minority had no function, and they would sweep it away. *In the long run, a hierarchical society was only possible on a basis of poverty and ignorance.* [ibid.; emphasis added.]

Orwell's foresight was that the maintenance of statutory minimum wage rates below the LW minimum decency level and of ignorance about what keeps them there (supported by the oligarchy's hegemonic control of the media and educational systems) helps to maintain the UK's hierarchical and unequal society. Given the emphasis politicians today place on 'hardworking families' and 'work as the way out of poverty', the idea of a 'real' LW thus has iconic and not merely instrumental significance, and Osborne's aim of closing off this understanding is both comprehensible and culpable.

2. Simple quantitative measure; complex qualitative research

The second issue the Living Wage raises is its complicated relationship with concepts of need for household incomes sufficient to enable everyone to afford a standard of living which intensive and iterative empirical qualitative research has long shown is what the UK population considers is the minimum needed to be able to afford the opportunities and choices necessary to participate in society. This is what is meant by an adequate minimum income level (see LW 2015;

MIS 2015; JRF 2015). It can't be repeated too often that there is nothing in the JRF/MIS definition or method which refers to 'poverty' or 'welfare', and the responses of the representative groups of people surveyed are in terms of what everyone, all the 'hard-working families', should be able to have. This standard is not only for the 'othered' groups (Lister 2004) who now form the focus of the government's means-tested 'welfare benefits' discourse and which excludes the national insurance or social security discourse of entitlement for all covered.

The Living Wage is not and must not be seen as some sort of money poverty line, even if it refers to a source (full-time earnings in this instance) of resources needed to buy what the population judge to be the minimum inclusive standard of living in the current context of time, place and government policies. The complicating factor here is the current top-down and othering discourse of poverty, which is why the MIS research doesn't refer to poverty but always to 'what everyone should be able to have'. But even politicians have noted that full-time 'hard workers' ought to earn enough to escape poverty even by the government's low standards. (This has nothing to do with the current government's proposal to target its minimum wage approach on 60% of median earnings, a superficial analogue of the EU 'risk of poverty' social indicator discussed at the end of this article.)

Critics of the Living Wage approach (for instance Bennett 2014) have long emphasised the distinction between two entirely disparate phenomena, pay based on the market value of the work done by an individual, and the minimum needs of the individual earners and the variety of their dependents, especially children. In short, the argument is that the economic return for work should not purport to address the variety of household needs which may depend on it. Individual and household circumstances vary by how many people depend on the income, their ages and employment status, accommodation costs, location and travel, specific needs expenses and so on, that it would not just be futile but wrong to seek for some 'typical' household or wage rate to cover all needs. Critics assert the search is a chimera and all the additional variables should be dealt with separately; for instance UK government accepted contributing to the additional cost of some dependent children in 1910 through tax allowances, and in 1946 by direct payments.

This article is not the place for a detailed analysis of the LW calculation. Readers can follow the path on the websites (Hirsch 2011; MIS, JRF), from the underlying qualitative research into the UK population's attitudes to the components of a minimally adequate inclusive standard of living. But even if this idea of adequacy for decency seems woolly,

given the importance of anchoring representations of social phenomena in real people's own experience and attitudes, it is central to this research that the standards of minimal adequacy are based empirically on what representative samples of the UK population not only report but discuss with each other and with experts until they reach consensus. This is a better empirical foundation for policy than politicians' soundbites composed by speechwriters and special advisers. It is of course open to the government to replicate the MIS research to refute the empirical findings if it can.

The single LW for a variety of household types may similarly seem woolly, but the LW figure is based on a weighted average. While this is 'higher than it needs to be' for some and lower for others (Hirsch 2011), it was within 10p of the MIS calculations for 60% of households (assuming they also pay the average rents and receive the eligible benefits taken into account). The LW can thus be defended as appropriately based on the consensual adequacy level for a majority of UK households under specified conditions. If those conditions change, for instance if tax credits are reduced, then the underlying MIS cash sums must change accordingly and the LW as well if affected.

But why must the single figure of a LW be so precisely based? The demand for precision comes from the 'welfare benefits only for poor people' discourse, which also includes minimum wages for low earners, that not a penny more should be paid to poor people than calculations show they 'need'. Similarly, minimum wage rates damage 'business' by making it 'uncompetitive' and 'the UK economy suffers' for each additional penny on minimum wage rates. Leaving aside all the evidence against these threadbare myths, the fact remains that a single wage rate can't precisely cover variable household needs at the minimal inclusion level (but note that a single rate of bankers' salaries could do so very easily).

The response should be straightforward: normal socially inclusive life is based on the uncontroversial idea that ordinary people manage any given level of individual earnings which, as their household composition and needs vary, will sometimes offer some superfluity and sometimes shortage. The fact that the LW may be similarly imprecise in terms of household needs is therefore a virtue not a demerit, as long as it and associated benefits do not allow the level of living to fall below the MIS minimum.

This 'woolly' aspect of the LW demands celebration not criticism for reflecting the reality of normal life. In this respect it is parallel to the arguments against the bedroom tax, where the inflexibilities of accommodation often do not precisely match the variations in

household composition. Standard accommodation (the three-bedroom house) and a minimum LW standard of earnings for socially-inclusive life, are both aspects of inclusive normality.

Nevertheless, this discussion is relevant here because the precision of the LW cash sum calibrated in pence per hour may suggest that it could be justified for all earners with similar precision. The precision justifying it is that of the representative groups of people who identified the hundreds of items a minimally decent standard of living should have access to, and which when composed into budgets formed the basis of the variety of MIS which, weighted and averaged, are the basis of the LW.

3. Mileposts or goalposts?

Osborne's Budget speech stated he intends his pseudo-living minimum wage to reach 60% of median earnings. The choice of measure was not explained, but it may have been by analogy with the 60% of median equivalised household incomes used for the EU and OECD at-risk-of-poverty or low income social indicator which is often referred to as the 'official poverty measure', even though the 2010 Child Poverty Act (to be repealed) includes this as only one of its four targets for overcoming child poverty.

Besides Osborne's failure to grasp the error of choosing fixed quantitative percentages of income distributions to reflect changing qualitative research findings, there is no necessary or even logical connection between the 60% of median earnings and the 60% of median household incomes measures, even if the latter had any substantive meaning in its own right. But it doesn't. The worst is that there is no *a priori* reason for supposing that 60 or any other arbitrary percentage of any income distribution ever represents what the population considers household income adequacy according to its own standards, in the past, now or in the future, nor that 60% of median earnings gives access to the same standards of living as does the Living Wage. The fact that some social scientists globally refer to the 60% measure as 'poverty' does not endorse its meaning but shows its recognised significance as a useful social indicator for comparisons of income distributions and inequalities between countries and over time (Atkinson et al. 2002). The empirical MIS research since 2008 has shown that 60% of median household incomes has always been too low to reach the UK population's own estimate of minimal adequacy for families. In Russia in the 1990s the adequacy threshold was reported to be even higher than median incomes (Manning and Tikhonova 2004).

The HBAI measure makes a good campaigning slogan as long as those who use it realise it is a milepost and not a goalpost. Curiously many people assume it is the only 'relative' poverty measure when every conceivable measure of poverty is relative to something (just as absolute poverty is absolute only in relation to some arbitrary fixed position). Even David Cameron grasped that poverty is inevitably relative: "Even if we are not destitute, we still experience poverty if we cannot afford things that society regards as essential. The fact that we do not suffer the conditions of a hundred years ago is irrelevant" (Cameron 2006). But too few understand that 'poverty [at 60%] plus one pound' (Duncan Smith's dismissive jibe) may still be poverty if the empirical evidence shows (as it does) the household income needed to escape poverty is more than that. If 61% of something is asserted to be a measure of 'adequacy', then people in poverty with incomes higher but still inadequate for decent inclusive life may suffer individual victimisation and blame for not managing.

It is therefore crucial to distinguish clearly between measures of income inequality and measures of income inadequacy if effective minimum wage and other poverty policies are to be implemented. Of course inequalities need to be reduced and minimum incomes raised, but they must not be confused with each other.

Conclusion

George Osborne's Budget speech shows he has not understood the social basis of the Living Wage nor the asocial basis of the distributive percentile as a measure of income adequacy, even if he has grasped the political expediency of stealing the positive associations of the LW brand for his inferior version of it. Readers of this journal who expect quantified data such as income distribution percentiles used as in/adequacy criteria to have equally clear intellectual and methodological foundations may therefore find it helpful to be reminded of the discursive rather than descriptive nature of the social phenomena which underlie such concepts as a Living Wage or poverty.

As far as poverty is concerned, much remains to be said, but when all is said and done, much is said and little is done (ascr. Aesop).

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