

Note to the TUC: Your own opinions? Fine: but you're not allowed your own facts [1]

Written by [Tim Worstall](#) [2] | Thursday 20 December 2012

Now we all know that the past 30 years has been the triumph of neoliberalism, where we who own capital get to trample the faces of the workers into the dust. Stealing the bread from the mouths of children and cackling gleefully as we do so. Something which the TUC would like to bring to our attention [in this report](#) [3]. Where they use this little chart.

Figure 1a: UK wage and profit shares, 1948–2010

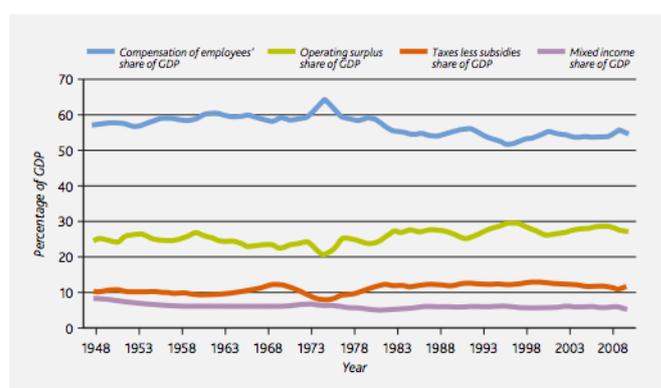


Figure 1b. A closer look at the UK wage share



Sources: ONS Blue Book and ONS website

Notes: Statistical discrepancy (which is negligible) omitted for clarity. Mixed income series constructed as residual from other series before 1987 to ensure consistency with post-1987 data.

Which is interesting, don't you think? The profit share has risen, the wage share fallen, QED, we're screwing the workers.

Except, except, those numbers don't actually look right to me. For this is something that has been looked at repeatedly in recent months. Here's a different attempt at portraying the [same information](#) [4]:

As you can see, the decline in the labour share is the same. But instead of a rise in the profit share being the cause we've a rise in mixed income (essentially, the self-employed and as there's more of them why not) and a rise in taxes minus subsidies: that's largely I believe the rise in VAT over the time period.

It's actually quite important for us to work this out of course. If the labour share has fallen because us capitalists are stealing it all then that's one thing. Perhaps Hurrah! and perhaps Boo! depending which side you see yourself on. If it's simply a result of a rise in self-employment then it doesn't really matter either way. And if it's as a result of a rise in taxes well, the prescription will obviously be to lower taxes. So we'd really rather like to know which of these two sets of numbers is correct.

There's definitely something hinky going on between the two sets of numbers. Both do sum to 100, as they must. My problem is that the TUC's numbers just refer to "ONS figures from the Blue Book" while the second set actually tell us which specific figures are being used (*The relevant series used here are CGBZ, DTWM, CGBX, CMVL and YBHA.*). And I'm afraid I'm not enough of an economist (nor statistician) to work out what hinkiness is being perpetrated here.

So I throw it open to you: what is it that the TUC has done to give us this decidedly non-standard view of how income shares have changed over the decades?

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