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Why the Resolution Foundation and IPPR can go boil their heads [1]

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There's a joint report out from the Resolution Foundation and the IPPR about the "Living Wage". It's here [3] . And having actually read it, so you don't have to, I can confirm that the two groups should go boil their collective head. For they've missed the most obvious point of the matter they're whining about.

Their argument is that paying everyone a Living Wage would be better. It most certainly would be, no argument there at all. It would be even better if everyone earned more than that too. As we all do earn more than the living wage of, say, 1900. That we all get richer is known as progress and I'm all for progress. They then try to work through what it would cost to pay everyone that living wage. The answer being that, in companies that pay very few people below it not a lot. And in companies that pay many people below it a lot. Something I think we could have worked out without the aid of our proto-Labour MPs in the making.

However, the real reason they can go boil that part that they don't think with is that they manage to write their entire report without even mentioning that the Living Wage is a pre-tax number. They completely ignore that anyone earning minimum, living, or somewhere in between wages gets a couple of grand a year nicked off them to pay for duck houses and diversity advisers. Further, they completely ignore the point I've been screaming about here for several years now. If you didn't tax the minimum wage then it would be, to within pennies an hour, that very post-tax living wage that they're arguing for. In turn meaning that creating that living wage is well within the power of the political class, the Chancellor in particular. Simply raise the personal allowance for income tax and NI and there we are, job done, everyone in employment is not on the Living Wage.

And I['m afraid that anyone at all who wants to discuss this project and who is not willing to make this point will indeed be told to go boil their heads. Because, if you want to improve the incomes of the working poor then stop bloody taxing them so much. End of.

I will admit to being amused by one part of the report though. They point out that if instead of insisting on the full living wage we insisted upon payment of 90 % of it then....wait for it....it would cost companies less to do so. No **** Sherlock.

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