

## Written evidence submitted by [Dr Mathew Johnson](#), The University of Manchester

### Introduction

1. I am a Senior Lecturer in Employment Studies and a member of the [Work and Inequalities Institute](#) at the Alliance Manchester Business School, The University of Manchester.
2. My research is in the area of comparative employment relations and looks at the changing nature of labour market regulation at international, national and local level. I am currently working on a four-year project (2020-24) funded by UKRI looking at [decent work initiatives in six cities around the world](#).
3. My evidence submission responds specifically to the following two questions in the call for evidence:
  - a. What are recent trends in income and wealth inequality in the face of the pandemic?
  - b. As we recover, how do we combat the inequalities that have been exacerbated as a result of the pandemic?

### What are recent trends in income and wealth inequality in the face of the pandemic?

4. The growing share of low wage and precarious work since the last financial crisis, meant that many who were already exposed to financial risks going into the pandemic have only found that their situations have worsened. The pandemic has underlined gaps in protection for those in non-standard employment (e.g. self-employment, temporary agency and gig work), the low level of protection offered by statutory sick pay (for those who qualify), and by Universal Credit even for full-time workers.
5. At the same time, effects from COVID-19 are likely to reverse modest progress on gender, race and disability equality in the labour market as vulnerable groups (e.g. women, younger workers, Black and Asian workers, migrant workers, disabled workers) are all more likely to have been exposed to health risks at work during lockdown, they are more likely to have been furloughed, and are more likely to lose their jobs or working hours over the coming months as the furlough scheme winds down.
6. Cuts to public services and the freezing of public sector pay increases as a macro-economic strategy to offset rising government spending will also further undermine the employment prospects of a predominantly female workforce.

### As we recover, how do we combat the inequalities that have been exacerbated as a result of the pandemic?

7. Although the health effects of COVID-19 have, to an extent, cut across social groups and regions, the economic impact of the pandemic has been predominantly skewed towards those in low-paid and precarious work. Policy measures targeted at low wage industries, regions, and workers would have a significant positive effect in shoring up living standards

among the most economically vulnerable and given the higher propensity of low earners to spend rather than save, this would provide a solid base for recovery in local communities.

8. For example, minimum wages are a key instrument of economic redistribution which can help protect living standards among vulnerable labour market groups. While the extension of the full adult minimum wage rate to 23-year-olds is welcome, the moving back of the target to reach 60% of median earnings to 2024 is likely to weaken the positive impacts on low wage workers (particularly as this target may be reached sooner than planned as a result of stagnant median earnings). Furthermore, the decision to award a cautious increase in April 2021 in order to contain dis-employment effects appears to have underestimated rising inflation during Q2 of 2021, with the result that the living standards of low wage workers are less protected.
9. Relatedly there is a need to consider the specific challenges within low wage essential sectors such as retail, hospitality, social care, childcare, and cleaning - all of which are significant employers of women and simultaneously have been badly affected by COVID-19. To address the issue one recommendation is to reinstate sector wage councils that set minimum rates through tripartite social dialogue between government, employers, and trade unions.
10. This in turn could provide a platform for coordinated action between social partners in order to raise the quality of existing jobs in foundational economy, rather than focusing only on creating the high paying jobs of the future, that may never arrive, and which are unlikely to be open to those displaced from, for example, the retail sector.
11. The social care sector is also one of the few industries likely to be spared from widespread automation but pay is low, jobs are demanding, and career prospects are limited. Making jobs more attractive to school leavers would help guarantee the future of this essential sector as an insurance policy against future health crises, while also improving the fortunes of undervalued workers.

*June 2021*