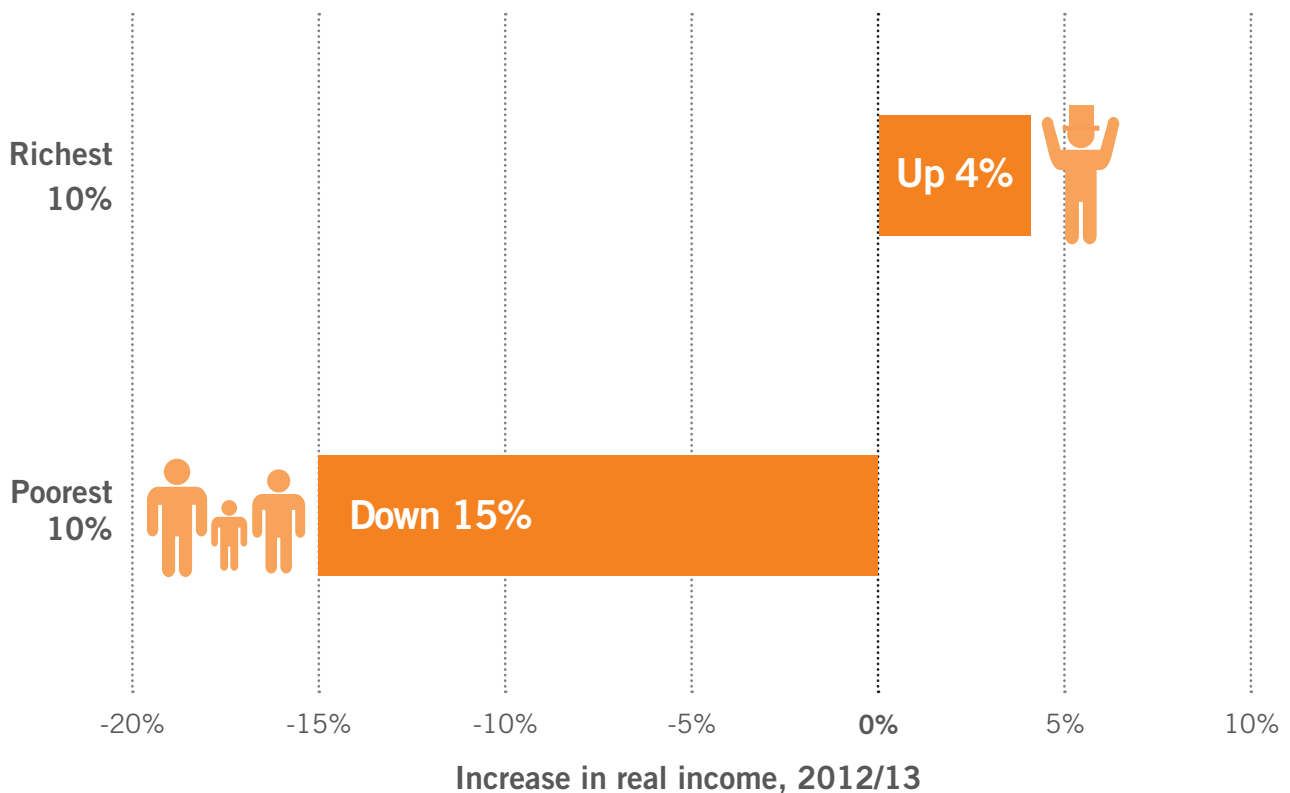


The rich are getting richer, while incomes for the poorest plummet



What does this mean?

Changes in wages in relation to inflation are a good way of measuring living standards. But one single figure for inflation does not reflect the fact that price increases vary for different products and services. The New Economics Foundation created the 'Real Britain Index' to counter this problem by calculating inflation for different groups of the population, depending on what they spend their money on. For example, the cost of things like water, food and energy has increased by far more than average inflation in recent years. Poor people spend a much higher proportion of their income on these goods, so their incomes are subject to higher levels of inflation. According to the 'Real Britain Index', in 2012/13 (the most recent year for which data is available) **the incomes of the poorest 10% of the UK population decreased by 15%, whereas the incomes of the richest 10% increased by 4%.**