

## Real income per head is falling steadily. If you're low...

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As [Larry Elliott has noted in the Guardian](#) within the last hour, referring to statistics out this morning:

*In the first three months of 2012, the real spending power of households fell by 0.6% because incomes did not keep pace with prices. That followed a drop of 0.8% in the final quarter of 2011 and a flat picture in the quarter before that. Real income per head in the first quarter of 2012 was 0.9% lower than in the same period of 2011 and at its lowest level since early 2005.*

*Britain, in other words, is two-thirds of its way through a lost decade of declining real incomes. And since real incomes are the main driving force behind consumer spending — which accounts for around two-thirds of GDP — you don't need to be Adam Smith or John Maynard Keynes to work out that the economy is going to struggle.*

These figures are, however, generalities. I am sure they are true for most households. But for the top earning I doubt it very much. The following was [said in an HMRC document recently](#):

*The income share for the richest 1% of taxpayers rose by 0.5 percentage points between 2007-08 and 2009-10.*

HMRC tried to claim this was due to tax avoidance in the last of those years. I doubt it. I think the trend will have continued. This is a recession for the poor, not the rich. And the rich are undoubtedly winning.