

Ha-Joon Chang nails the anti-living wage lobby

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[Ha-Joon Chang has a great article in the Guardian this morning](#) in which he completely nails the anti-living wage lobby.

As he puts it:

More problematic than this misrepresentation of big business is [the] view — shared by many in business, government and media — that British companies cannot "afford" to pay higher wages. The subtext is that British companies have to compete with companies from low-wage countries like China, so British workers should feel lucky they are not paid even less, to match Chinese wages. In this view, whatever causes wages to rise needs to be abolished or at least seriously weakened: trade unions, health and safety regulations (the new whipping boy of the Tory right) or employers' national insurance contributions.

As he then notes:

The low-wage strategy so beloved of the British business elite — or what Miliband called the "race to the bottom" — has no future. If Britain is aiming to compete with China in terms of wages, it will have to lower them by 85%. It is doubtful whether this can be achieved even if it engineers a 30-year recession and installs the harshest military dictatorship. Worse, once it had reduced its wages to the Chinese level, it would have to contend with Vietnam, where wages are one-quarter those of China's. After dealing with Vietnam, Britain would have to face down the Ethiopias and Burundis of this world, with wages one-third that of Vietnam's, or less. Countries like Britain can never win that game.

His conclusion?:

Does Britain want to go back to Victorian times or, looking forward, become like some Middle East oil states, where a small wealthy minority is served by poorly paid workers with [zero-hour contracts](#) and minimal rights? Or does it want to reform its economic system so that its companies and government invest in raising productivity — and thus

enable its workers to have decent wages, job security, and well-protected rights?

The choice seems like a no-brainer. Unfortunately, large sections of the British business and political establishment do not see it that way.

He is spot on.

And that's why we need, as some would put it, a revolution that puts people and not profit at the heart of our society. I know Ha-Joon thinks that's possible. And so do I.