

Lowest graduate salaries 'on a par with minimum wage'



The shrinking pay gap raises fears that university may be a waste of money for many students and could turn disaffected young people towards political extremes

Graduate salaries are lower today in real terms than in 2001 and are heading towards parity with the national minimum wage, according to a report published this week.

The Resolution Foundation found that the median graduate salary in 2023 was £34,200, compared with the equivalent of £35,600 almost 25 years ago.

5 While graduate salaries have fallen, the analysis shows that the minimum wage in real terms — meaning what that money can buy — has increased by nearly 60 per cent to £21,700 over the same period.

This means that in 2001, the average graduate was earning 2.5 times more than someone doing the lowest-paid work but is now only earning 1.6 times as much.

10 The shrinking gap between graduate pay and the minimum wage has raised concerns that university may be a waste of money for many students. Tuition fees for a typical three-year course are £27,750 and will rise to £28,605 in the autumn.

The Resolution Foundation's Labour Market Outlook report notes that there is now barely any difference between the lowest earning graduates and those on the minimum wage.

15 It says that graduates in the lowest 10th percentile of earnings now have salaries just 11 per cent higher than someone on the minimum wage. Graduate salaries were 82 per cent higher in 2001.

This year, the graduate pay gap is likely to shrink further as the national living wage increases again by nearly 7 per cent to £12.21 an hour, taking the yearly salary of someone on this pay rate to £25,400, assuming they work 40 hours a week.

20 This will mean the bottom 10 per cent of graduate salaries will probably only pay the equivalent of the minimum wage.

Shrinking graduate pay, combined with high student debt and unaffordable housing, have raised fears that disaffected young people may turn to political parties on the hard left or hard right.

25 Last year Peter Turchin, the American academic, wrote about the phenomenon of "elite overproduction" in his book, *End Times*. In it he warned that economies that produce far more educated and ambitious people than jobs to cater for them have been at greater risk of revolutions and civil war, particularly when combined with economic inequality and high public debt.

Turchin argues that when these "frustrated elites" make common political cause with working people, the established political order can quickly crumble.

30 Others think that the shrinking graduate pay gap illustrates the folly of sending half of all young people to university — an aim of Tony Blair's New Labour project.

Paul Wiltshire, a parent campaigner against mass higher education, said: "We shouldn't be throwing ever more students into higher education and a life of debt with high marginal tax rates, making them disillusioned by false promises and unrealistic expectations before they have even set out in life.

35 "Instead, we need to cap student participation numbers drastically, ban the proliferation of discriminatory graduate-only job adverts, encourage employers to start recruiting 18-year-olds again and train and educate them in the workplace — and we need to ensure those 18-year-olds are not coerced by society into thinking that entering the workforce is some kind of dud option and a failure."

(531 words)

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