

Top Executives Earn the Average Annual UK Salary in Just Two Days

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Pay inequality in the UK has grown worse in the last year with today, Tuesday 6th January, marking the point at which Britain's top executives will have amassed the same amount of pay as the average worker's earnings for a whole year.

The figure, which is calculated by the High Pay Centre think tank which monitors top pay, uses the recent figures that show the chief executives of the top 100 companies on the London Stock Exchange earn an average of £4.7 million a year, whilst the average annual salary in the UK is £27,200.

It means that it takes these top executives just two working days to earn the same amount of money as the average British worker - one day less than the equivalent measure last year.

Last year, the Organisation for Economic Cooperation and Development (OECD) published report which said that income inequality has a "statistically significant impact" on economic growth. John Hood, the communications manager of the Equality Trust campaign both agrees with this point and also highlights that the huge disparity between the wages of the rich and poor has the potential to damage British society as a whole. "Britain is a country which used to pride itself on fair play and fair pay but this seems to have regressed into 'winner takes all'," he says. "If it continues economic growth could well stagnate and the fabric of society will be pulled apart at the seams."

Hood also indicates that although many political parties are discussing pay inequality, particularly in the run up to the next election, none of them have been clear about how they would tackle it. "Over four fifths of people now agree that the gap between rich and poor is too great, and 70% believe it is the government's role to reduce it. The fact that few politicians have effectively tackled inequality is at least one reason for the huge disillusionment with mainstream politics," he says.

Labour MP and potential London mayoral candidate David Lammy has previously warned that this huge divide in the UK is part of what led to the London riots of 2011.

"In London, the gourmet restaurants, the luxury hotels and the high-end boutiques continue to boom, but just a few streets away live many of the one in three Londoners currently in poverty. It is these kind of fractures that in part led to the 2011 riots in my constituency, and whichever party forms the next government will need to get a firm grip in Britain's rampant inequality. My worry is that another Conservative government, with its huge cuts to public services and dangerous rhetoric about those on benefits, would simply turn the current inequalities in into gaping chasms."

Michael Meacher, the Labour MP for Oldham West and Royton is a particularly vocal critic of pay inequality, writing on his blog: "What is an employee worth? Whatever the market pays is the conventional answer. But the market is not based on merit or justice, it's based on power relations. Those who have the power will exert it to get more and more, while those who have little or no power will get squeezed and pushed down even further... Before inequality explodes with riots in the streets, we need a public debate on what the limits of greed at the top and misery at the bottom should be."

A Conservative spokesman responded by saying: "Only by delivering a strong economy can the UK afford to increase opportunity. That's something only David Cameron and the Conservatives have and will continue to deliver and a vote for any other party would put at risk."