

Britain: Pay survey highlights growth of inequality

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A new global salary survey compiled by *Management Today* magazine shows the enormous disparity between the pay of the world's top executives and that of workers in manufacturing. It highlights the gap between the pay of Britain's senior company executives, who rank second only to American CEOs, compared with the average pay for the UK's manufacturing workers, who are bottom of the seven countries surveyed.

Pay rises for top executives in Britain have averaged 29 percent over the past two years, nearly ten times the increases paid to some workers.

The survey found that the UK's top executives are paid £509,019 per year on average, which is around £100,000 a year more than their European counterparts, but still falls well short of executives in the US, who average £992,974. Britain's closest European comparison is France, where executive pay averages £382,128, while the norm in Sweden is £311,400. Germany comes bottom, with an average of £298,322. In the world ranking, Australia comes in third with £457,139, followed by Japan at £385,645.

The report provides a picture of increasing social inequality in all countries, when comparing executive pay with that of workers. The widest gap of all is in the US, where manufacturing workers earn £31,603 on average, compared with executive salaries of almost £1 million. But the UK comes a close second, and the survey reveals that British manufacturing workers are paid substantially less than their American and European counterparts. Average manufacturing wages in Britain are only £20,475, compared with £26,124 in Germany and £24,574 in France. At £36,779, the highest pay for industrial workers is in Japan, but even this is well below one tenth of the earnings of top Japanese executives.

The report also finds that UK workers put in more hours than most of Europe, and that they are much cheaper to dismiss.

The findings on executive pay come after a series of protests by some small shareholders against the obscene amounts that company directors have awarded themselves. Relatives of the victims of recent tragedies on Britain's railways bought shares in the track maintenance company Railtrack in order to be able to speak at the company's annual general meeting this week. They expressed disgust at the fact that Railtrack had awarded six directors new share options, potentially worth almost £2million in total. Former Railtrack CEO Gerald Corbett received a £1 million pay off when he resigned following the Hatfield crash, in which four people died.

Other companies subjected to similar protests over executive pay include the Royal Bank of Scotland, electronics and defence conglomerate Marconi, high street retailer Marks & Spencer and British Telecom. A spokesman for the Cooperative Insurance Society, which manages £26 billion in shares for its policyholders, said UK Executive pay was getting out of control. "It is a disturbing tendency," he added, "and it is very divisive." Although many of these companies have recently made massive financial losses and cut thousands of jobs, their top executives have still received millions in bonuses.

The day before the report was made public, cell phone company Vodafone was forced to promise a review of its senior pay awards after shareholders protested against the handout of about eight million share options to Sir Christopher Gent, who received £6.88 million in salary and bonuses last year. The share option award brings his income for last year to around £13 million. Company chairman Lord MacLaurin

indicated that little would come of the review, however, warning shareholders that “executive talent is very scarce and the future will depend on remuneration packages that are the best compared to other companies all over the world... We are unashamedly going to pay the very best possible salaries for the best possible people.”



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