Britain: More indicators of inequality

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Stark and deepening income inequalities are revealed in a new study based on figures released by the UK government's Office of National Statistics (ONS).

In 2005 the ONS surveyed more than 14 million full-time workers. Some 340 categories of employees were covered—from company directors to call centre workers and bar staff. The General and Municipal Boilermakers (GMB) union has analysed this material to compile the study.

The survey collates the number of people employed in a particular job, their average wage and their relative position in pay scales in 2004 and 2005, and whether they are moving up or down the pay ladder.

For example, according to the survey, in 2004 there were approximately 66,000 management consultants, economists and statisticians in Britain, with a mean rate of pay of £51,770. This was the eighth highest pay rate. In 2005, the number of individuals in this category fell by 2,000, but their pay went up to £52,505 annually—the seventh highest wage.

The sharpest changes were at the very top of the pay scale, with those employed in global financial operations doing the best. In 2004, the 48,000 directors and chief executives of major organisations earned an average of £162,028 per annum. One year on, their total numbers had risen to 66,000 and their individual remuneration was up to £171,509—an increase of £9,481.

In both 2004 and 2005, directors and CEOs were by far the best paid category—earning more than double their nearest competitor, the 91,000 medical practitioners, who earned £81,744 in 2005. The figure for CEOs is likely to vastly underestimate their earnings, taking no account of share options and bonuses, which form a major part of CEO income.

Amongst the other major winners are stockbrokers. Although their numbers fell by some 6,000, the mean pay awarded to the remaining 27,000 increased from £64,290 to £80,233. Brokers were the third highest paid profession.

The pay increases in the top three categories were well above the total earnings for much of the workforce.

Reflecting the continual strengthening of the state apparatus under Prime Minister Tony Blair, leading figures in the state, legal and judicial system all made significant gains. Police officers above the rank of inspector, lawyers, judges and government officials all saw increases. The 19,000 top police, for example, saw their pay increase from £47,020 to £51,487.

A particularly revealing contrast was shown in the respective experiences of some 12,000 psychologists, whose earnings dropped £1,298 to £34,933, while the adjacent category of 214,000 police officers below the level of sergeant increased their pay by £3,344 to £34,913.

In contrast with CEOs, brokers and the police, large swathes of the lowest paid workers saw little or no increase in earnings. For example, 197,000 care assistants and home carers earned £13,917 in 2004. In 2005, 226,000 workers fell into this category, while their mean pay had increased to £14,424—an increase of just £507. Some 336,000 retail assistants, who earned just £13,203 in 2004, gained a miserable £64 over the course of 2005. These increases are either close to or less than the inflation rate of 2.4 percent.

Nor was this confined to traditionally unskilled types of work. Many skilled workers only marginally outpaced inflation. Twenty-eight thousand production engineers, for example, gained £1,600 on their 2004 earnings of £32,978, about a 4.8 percent increase, whilst 125,000 electricians lost an average of £90 per annum. In IT, 40,000 user support technicians gained a princely £43.

Other low-paid workers lost income, although there appear to be some uncertainties about the numbers involved. The mean wages for an unknown number of play group leaders and assistants fell by £1,381 to £12,562. Ten thousand workers employed in fishing and agricultural saw their incomes fall by £133 to £13,554. Travel and tour guides lost £1,104.

Overall, the average rate of pay increased from £26,989 to £28,210. However, the figures only reflect full-time workers and leave out large sections of the labour force. Whilst the report covers some 14 million workers, the actual number of workers in the UK is around 30 million (30,125,000 in 2003), very many of whom would be temporary, part-time, short-term and contract workers whose wage levels are near the bottom end of the figures presented by the ONS.

The survey also does not take account of other factors which exacerbate income inequalities. Another set of ONS statistics released recently showed a huge, £2.5 billion increase in bonus payments. According to the ONS, bonus payments jumped 16 percent to a record £19 billion. This follows an increase in last year's figure of £1.5 billion. According to the *Guardian*'s analysis of the ONS figures, £10 billion will have gone to financial services CEOs, but the bonuses will have been spread around most of Britain's corporate boardrooms. Only four of the FTSE index's top 100 companies did not offer their CEOs bonus payments triggered by hitting financial targets.

Another *Guardian* survey showed that while the ONS statistics dealt with some 48,000 CEOs, the incomes of the top 100 were far higher. In 2004, the 500 executive directors of Britain's largest 100 companies were each paid, on average, £630,000. The highest basic salary went to Lord Browne, CEO of the oil giant BP, whose boardroom allies deemed his efforts to be worth £1.4 million, supplemented by a £1.9 million bonus. With share dividends as well, the sky is the limit. Philip Green, owner of BHS stores, paid himself an enormous £1.2 billion in 2005.

The £19 billion offered in financial bonuses in Britain is equal to the entire UK housing and environment budget.