British CEO pay 81 times that of workers

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In spite of the deepest economic recession in 70 years, the CEO's of the FTSE top 100 companies continue to fill their pockets with enormous amounts of money.

According to figures compiled by the Income Data Services (IDS), a remuneration monitoring group, the pay gap between the boardroom of Britain's top companies and the shopfloor has almost doubled in size over the last decade. The chief executives of the UK's 100 largest companies now earn 81 times the average pay of full-time workers.

When the IDS compiled its figures for pay inequality in 2000, three years after the election of the Labour government, chief executives commanded 47 times the average worker's wage.

Analysis by the IDS reveals how the yawning chasm between shopfloor and boardroom rates of pay reached its widest point in 2008 when the inequality ratio between the two stretched to a multiple of 94. The economic recession has dampened the ratio slightly, but only back to their 2006 rates. The total bonus package is still expected to be similar to levels reached in 2007, i.e., just before the onset of the economic crisis.

Executives at the top FTSE 350 companies have received rises which exceed inflation by 6.6 percent over the past 12 months. During the same period workers have had to make do with just 3 percent increases.

Reporting the IDS findings, the *Financial Times* mentioned the inequality factor of 81 but did not report the actual amounts that the top CEO's are earning. Outside of the pages of the *FT* no other major news scource reported on the IDS figures.

The average salary for a UK FTSE 100 chief executive is now £737,000, with incentives, share options and other perks pushing total remuneration packages over £3 million.

The average (mean) British full-time wage in comparison has risen over the past decade by £5,000 from £25,000 to £30,000. These figures actually distort upwards average worker pay, as high-end earners are included with shop floor workers and the poor to arrive at the mean figure.

CEOs' year-end bonuses dwarf what workers earn in a whole year. In mid-October the IDS reported that the CEOs of Britain's biggest companies were furnished with average bonuses in excess of £500,000, and the top 300 FTSE executives enjoyed bonuses of an average of £283,000 over the last financial year. Nevertheless, executives complained that these bonuses were almost a third down on the previous year and represented the first time in a decade that bonuses have fallen in value.

However, cuts to bonuses were being made up for with much higher basic salaries. Basic salaries increased by an average of 7.4 percent and meant that the average FTSE 100 director's complete remuneration package were just 1.5 percent short of previous record incomes achieved in 2006 prior to the economic collapse.

Even the IDS was taken aback by the scale of the bonuses during a period of intense economic restructuring. "What is suprising is that the credit crunch, which has led to some of the biggest rescue rights issues in living memory, has had so little impact on the rate at which chief executives' salaries are rising," wrote the editor of the report, Steve Tatton.

In mid September the *Guardian* newspaper did its own research into executive pay at Britain's largest companies and discovered increases in basic salary of 10 percent. Such avarice occurs despite "the onset of

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the worst global recession in decades, in which their companies lost almost a third of their value amid a record decline in the FTSE".

The *Guardian* estimated that between them, full- and part-time directors of the FTSE 100 companies pocketed at least £1 billion .

In the summer IDS reported how the boardrooms of the biggest companies were enjoying almost a third of their salary from so-called performance related bonuses. This is while in the 12 months leading up to April this year the FTSE fell by 38 percent.

Such figures reveal the absurdity of the repeated media claims that the economic crisis finds everyone in the same boat. In fact, British society has arguably never been so polarised.

The Joseph Rowntree Foundation and New Policy Institutes' annual report, Monitoring Poverty and Social Exclusion, found that in 2007-2008, even prior to the economic crisis, 13.4 million people were officially poor. This is the highest figure since 2000. The figure will undoubtably be much higher since unemployment has doubled in the meantime.Youth unemployment is almost one in five.

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