

Top UK executives earn average worker pay within three days

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15 January 2019

A new report into the pay gap between workers and the ruling elite has laid bare the extreme levels of inequality that pervade economic and social life in the UK.

According to research carried out by the High Pay Centre (HPC) and the Chartered Institute of Personnel and Development (CIPD), within the first three working days of January, the highest paid Financial Times Stock Exchange (FTSE) 100 bosses had already raked in as much money as the average full-time worker will earn in a year.

New research for “Fat Cat Friday” found that by lunchtime on January 4, top executives had already made the UK median annual salary of £29,574, needing only to work 29 hours, at a rate of around £1,020 an hour. This means that over the course of the year, the median FTSE 100 CEO will earn approximately £3.9 million.

This equates to 133 times the annual pay of a full-time worker, up 11 percent on the previous year, when FTSE 100 CEOs had a median pay packet of approximately £3.5 million. This represented a salary 120 times higher than the average UK worker at the time.

The economic gulf separating the working class and the super-rich has massively expanded in recent years, creating inequality on a scale unseen for almost a century. While today top executives earn 133 times the salary of the average worker, this has rocketed up since 1998, when the ratio stood at roughly 47 to 1. This represents a pay gap increase of a staggering 183 percent in 20 years.

According to the CIPD and HPC’s report from August 2018, FTSE 100 CEOs’ mean pay saw an even bigger increase—jumping a massive 23 percent in a year—from £4.6 million in 2016 to £5.7 million in 2017

(the latest year for which figures are available).

By comparison, figures from the Office for National Statistics (ONS) indicate that mean salaries for all workers in the UK increased by a mere 2.5 percent from 2016 to 2017, barely keeping pace with, or even falling behind, inflation rates. According to the CIPD and HPC, it would take the average (mean) UK worker “on a salary of £29,009 a total of 195 years to earn the mean FTSE 100 CEO reward package.”

While top executives have seen their annual pay grow rapidly year on year, for the vast majority of Britons the picture is very different. Workers in the UK have suffered a decline in wages unsurpassed for over a century, falling further than any European country except Greece.

At least 6 percent of the workforce is on zero-hour contracts, rising from 1.7 million to 1.8 million in 2017. Over 14 million people, including 4.5 million children, one-third of all children, live below the poverty line. More than two-thirds comprise the “working poor.” At least 320,000 people are homeless, meaning 1 in every 200 adults is without a permanent place to live. At least one person dies on the streets each day, yet the majority of homeless are in employment.

While many workers struggle to meet their basic living costs on poverty wages, corporate executive remuneration has shot up, with the highest paid FTSE 100 CEO, Jeff Fairburn of housebuilding firm Persimmon Plc, receiving an obscene salary of £47.1 million in 2017. This is more than 20 times his pay packet the previous year, and roughly 1,130 times the average (mean) pay of his company’s employees.

On top of this, Fairburn pocketed a £75 million bonus in mid-2018, supposedly awarded for “outstanding performance.” The *Guardian* calculated that this is more than enough to house all 760 homeless

families in the Yorkshire and Humber region where the firm is based, with around £15 million to spare. Fairburn was eventually forced to step down from his position, as the media controversy surrounding his pay packet was negatively affecting the company's reputation.

Simon Peckham, CEO of Melrose Industries, also received a massive pay boost, with his pay packet rising a staggering 4,233 percent, from roughly £987,000 in 2016 up to £42.8 million in 2017.

These enormous income windfalls are not just reserved for FTSE 100 companies. In 2017, Denise Coates, CEO of online gambling site Bet365, became Britain's highest paid boss, raking in a staggering £265 million. This was up from £199 million the year before, based on salary and perks, and is nearly 10,000 times more than the average UK salary.

In response to the HPC and CIPD reports, Tim Roache, general secretary of the GMB union, labelled the revelations "sickening."

"Three days into the year and fat cat bosses have already made what average workers will earn all year. ... It's not fair, and it makes no sense in how we value people's contribution to society and it makes no sense for the economy—I don't know any care workers who squirrel their wages away in offshore accounts, they spend it in their local areas and on paying their bills."

Frances O'Grady, general secretary of the Trades Union Congress (TUC), commented: "There are millions of hardworking people in Britain who give more than they get back, but greedy executives are taking more than they've earned."

"We need to redesign the economy to make it fair again," she continued, "and that means big reforms to bring fat cat pay back down to earth."

Even these limited criticisms ring hollow. For years, the trade union bureaucracy has consistently acted to suppress any significant working-class action to fight for better pay and conditions. Functioning as industrial police on behalf of the government and employers, they have worked to systematically limit strikes and to prevent coordination by workers across national borders. That such a gap between the pay of workers and their bosses exists is evidence of the extent of the collaboration between the unions and employers, which has accelerated over the last decade with the drive by the ruling class to impose the burden of the economic

crisis onto the working class.

The CIPD and HPC report limited itself to calling for "greater diversity among those responsible for setting CEO pay, both in terms of their ethnicity and gender, for example, but also their professional backgrounds and expertise in order to combat 'group think.'" "

The widening chasm between the working class and the ruling elite cannot be solved by tweaking the racial or gender composition of those occupying the top jobs, or by calling for a "fairer" or kinder form of capitalism, as advocated by Labour's nominally "left" leader, Jeremy Corbyn.

Social inequality is not some aberration of capitalism that can be reformed away, but is its essential feature. Capitalism is predicated upon the exploitation of the working class in order to ensure the profits of the corporate and financial oligarchy and is incapable of providing economic security and a decent standard of living for working people.

Society must be reorganised along socialist lines, so that the accumulation of wealth is subordinated to the needs and requirements of its producers and users, controlled and regulated by them.



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