



**‘Sick joke’: BoE boss calls for pay rise ‘restraint’ to help control inflation amidst worst drop in living standards for 3 decades**

## Description

UK: Andrew Bailey was paid £575,538, including pension, in his first year as the Bank’s governor from March 2020.

The governor of the Bank of England has said workers should show restraint when asking for wage rises to help control inflation.

Andrew Bailey said he wanted to see “quite clear restraint” in the annual wage-bargaining process between staff and their employers to help prevent an upward spiral taking hold.

With households expected to face the worst annual fall in their living standards for three decades, he told the BBC’s Today programme that controlling wage increases was key to keeping a grip on inflation.

**“I’m not saying nobody gets a pay rise, don’t get me wrong. But what I am saying is, we do need to see restraint in pay bargaining, otherwise it will get out of control,”** he said.

The governor’s comments drew a sharp response from trade unions, with workers expected to face a drop in their incomes this year. Gary Smith, the general secretary of the GMB trade union, said Bailey’s comments were a “sick joke”.

He said: “The nerve of Mr Bailey is scarcely credible. **Telling the hard-working people who carried this country through the pandemic they don’t deserve a pay rise is outrageous.**”

**Bailey was paid £575,538, including pension, in his first year as the Bank’s governor from March 2020, more than 18 times higher than the £31,285 median annual pay for full-time employees in the UK.**

Union density in the private sector has fallen steadily since the 1970s, when high rates of inflation were fuelled by high pay settlements, to about 13%. Official figures show average **weekly earnings after taking account of inflation fell in November, and remain below their pre-2008 financial crisis peak**

Kate Bell, the head of economics at the TUC, said inflation was being driven by rising energy costs, not pay demands.

“Working people need a pay rise now. And the best way to get one is to join a union,” she said.

**The Bank raised interest rates from 0.25% to 0.5% on Thursday, adding to borrowing costs for consumers and businesses** in a move designed to keep a lid on high rates of inflation. The central bank warned inflation could rise from the current rate of 5.4% to a peak of about 7.25% by April amid an increase in energy costs, more than three times its 2% target rate.

**High rates of inflation are being driven up by record prices on wholesale energy markets and disruption to global manufacturing and supply chains** because of Covid-19. Official figures show wage growth has fallen in recent months close to average pre-pandemic levels. However, the Bank said it forecast wage growth would pick up to about 5% later this year **amid record numbers of job vacancies and low rates of unemployment.**

After the worst decade during the 2010s for average pay growth since the Napoleonic wars, the Bank forecasts **disposable incomes are on track to shrink by 2% this year, the biggest drop since comparable records began in 1990.**

The governor’s call for pay restraint comes after Boris Johnson said in the autumn he wanted to turn Britain into a high-wage, high-skill economy, and criticised company bosses for wanting to bring in cheaper workers from the EU.

by Richard Partington

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