

Britain needs a pay rise to kickstart growth

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There's [good new research out from PCS this morning](#) on the subject of pay. As they say:

Figures show that since the onset of recession in 2008 the real value of wages has fallen by 7%, or more than £50 billion a year. During the same period there has been a real terms drop in consumer demand of 5%.

A report by the union, 'Britain needs a pay rise', published today (Tuesday 12), argues this fall in the value of pay could be a major obstacle to the return of economic growth.

The report also busts the myth that civil servants are paid more than their private sector counterparts.

As they note:

Using data from the Office for National Statistics and research by the Institute for Fiscal Studies, and government departments, employment specialists Croner and Incomes Data Services, and the Resolution Foundation, other findings include:

- * *The government's four-year pay policy, plus the increase in pension contributions, will cut almost £7 billion a year from the value of public sector employees' pay by 2015*
- * *Median pay in the civil service is 4.4%, or £1,263, lower than median pay in direct private sector comparators*
- * *At executive officer level civil service pay was 10% below private sector comparators and at administrative officer level it was 8%*
- * *These discrepancies in pay for executive officers and administrative officers are found in every nation and region in the UK*

The report aims to generate a serious debate about the effects of low pay and government pay policy on the UK economy.

I hope this is well read: it deserves to be.

Note: I do occasional work for PCS. I was not involved in this research.