

Funding the Future

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I [posted this thread](#) on Twitter this morning:

There are continuing suggestions in the media that ministers are considering one-off payments to striking workers as a way to solve pay disputes. These are madness and will not address the issues working people face and must be resisted. A thread...

Only days ago Rishi Sunak was saying maths education should be extended to 18 so more people enjoyed basic numeracy in this country. However, he is now arguing pay disputes can be solved by one-off payments to strikers and that shows he does not understand the maths of inflation.

Inflation is the measure of the relative change in prices over a 12-month period. So inflation in January 2023 will be calculated by comparing prices this year with prices in January 2022. The result will be a figure of around 10%.

The reason why I know that the figure will be around 10% is that is the overall price rise that has resulted from the impact of Putin's war in Ukraine. That impact is probably never going to go away.

In January 2024, prices will be compared with prices in January 2023. There is (we hope) not going to be another war this year. In addition, we know that prices of oil, gas, wheat and other raw materials are no longer rising around the world. They have settled at their new level.

So in January 2024 it is very likely that inflation will be very much lower than it is now. That is good news. Price increases will be coming to an end by January 2024, and may even stop rising altogether in 2024.

But that does not mean that prices will fall. All that it means is that increases will have stopped, because it is price increases that inflation measures. Actual prices will still be 10% higher in January 2024 than they were in January 2022, even if inflation has gone away.

What has this to do with one-off, lump-sum pay settlements that ministers want? What they are hoping is that people will not understand this. Their hope is that people will think that if inflation is falling they will think prices are falling and so accept a one-off pay deal.

But whilst one-off pay deals might solve current problems people face (if they're big enough) they will do nothing to solve the cost of living crisis that will then re-emerge in 2024 as people face prices that are still high with no pay increase to deal with them.

And what ministers then hope is that because inflation will then be low they will have public support for saying that no one should get a pay rise anymore, meaning that they will have succeeded (if they win that argument) in imposing the real pay cuts they have wanted all along.

In other words, these one-off pay deals that they want to offer are a deliberate ruse, con trick or straightforward fraud to impose real cuts that people simply cannot afford. They are part of this government's full-on economic civil war with the people of this country.

In that case please do not think that any offer of this sort that any minister or employer makes is in any way generous, or a serious attempt to solve a pay dispute. People need permanent pay rises now to tackle the permanent price rises that have taken place in our economy.

Anything less than a full, inflation-matching pay rise for working people in this country is at this moment an abuse of this who work, undertaken with the two fold objective of making employers richer and cutting the national debt, wholly unnecessarily.

So why are ministers talking about these deals? It's because either a) they're stupid, or b) they think people are stupid or c) both of these reasons. And for those who like to know the answer to multiple-choice questions, I think the right answer is (a).

One-off pay deals have to be rejected in that case. They have no part to play in the current cost-of-living crisis that the UK is facing, which can only be solved by the government paying what people are worth for their work, which is, at a minimum, an inflation-matching deal.