

Funding the Future

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This chart has been published by the [Office for National Statistics](#) this morning:

Figure 2: Annual growth in regular pay (excluding bonuses) is the highest we have seen since comparable records began in 2001

Average weekly earnings annual growth rates in Great Britain, seasonally adjusted, January to March 2001 to April to June 2023



Source: Monthly Wages and Salaries Survey from the Office for National Statistics

There are three things to note.

First, wages are at record levels.

Second, the rate of increase has grown.

Third, and most importantly, wage growth has finally moved into net positive territory. In other words, overall, people are beginning to see wage recovery that matches inflation.

Not everyone will have enjoyed that positive wage growth, of course. But, overall, it is being seen.

The Bank of England will have broken out in a cold sweat at the idea of this. The Treasury will be worried. Both will claim that the world is about to end because people

who have to work for a living might now have the means to sustain their spending power. Both will ignore the fact that without this happening, economic recovery is impossible. Instead, they will fret about the fact that profits might be eroded. But I am delighted: this had to happen.

What also has to happen is that it keeps on happening. It's not enough for wage increases to turn positive. They now have to continue at above inflation rates for a while so that the losses people suffered in the last year or so are recovered.

I can't see any major politician getting close to understanding that simple fact - for fact, it is. Instead, they will all be shouting about the unaffordability of wage rises without revealing that they have the slightest understanding of the fact that in the macroeconomy, one person's wage rise is the source of another person's income.

There are wage disputes to come, in other words.