

# PRESS RELEASE

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## Average earnings growth for most employees remains positive

When last month's average earnings figures were published they showed that earnings in the year to February 2009 had dropped to -2.0 per cent. But this was on the measure that includes bonuses. On the measure that excludes bonuses, which is known as regular pay, the rate of growth in average earnings was +3.0 per cent.

At the time (mid April), a number of commentators leapt to the conclusion that the whole economy figure dropping to -2.0 per cent reflected widespread pay freezes and even pay cuts across huge parts of the economy. This was not the case. In an analysis of the sector by sector earnings figures published today by IDS, we show that almost all industrial sectors had positive earnings growth in the year to February. What was exceptional was the drop back in bonuses in the finance sector, a year on year fall of -28.9 per cent, which was sufficiently enormous to push the whole economy figure into negative territory.

There are variations in the earnings growth analysed by industry, as we show in the attached article from IDS Pay Report 1025. At a time when bonus earnings are either volatile or non-existent, the earnings trend should be more focussed on regular pay in order to understand why, for example, consumer spending has not fallen back as much as some economists thought. It is not the case that everyone in the economy has had pay cuts year-on-year of 2 per cent as some have said. In fact regular earnings pay across the economy has risen by 3 per cent in the year to February, consistent with IDS research findings on pay movements over the year.

See the attachment to this release.

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### Notes to Editors:

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