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Bailey warns wage rises are 'unsustainable' as interest rates hit 5pc

22 June 2023 • 6:20pm



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Andrew Bailey has said pay cannot keep rising at its current pace if people want inflation and borrowing costs to fall after [the Bank of England pushed interest rates to 5pc](#).

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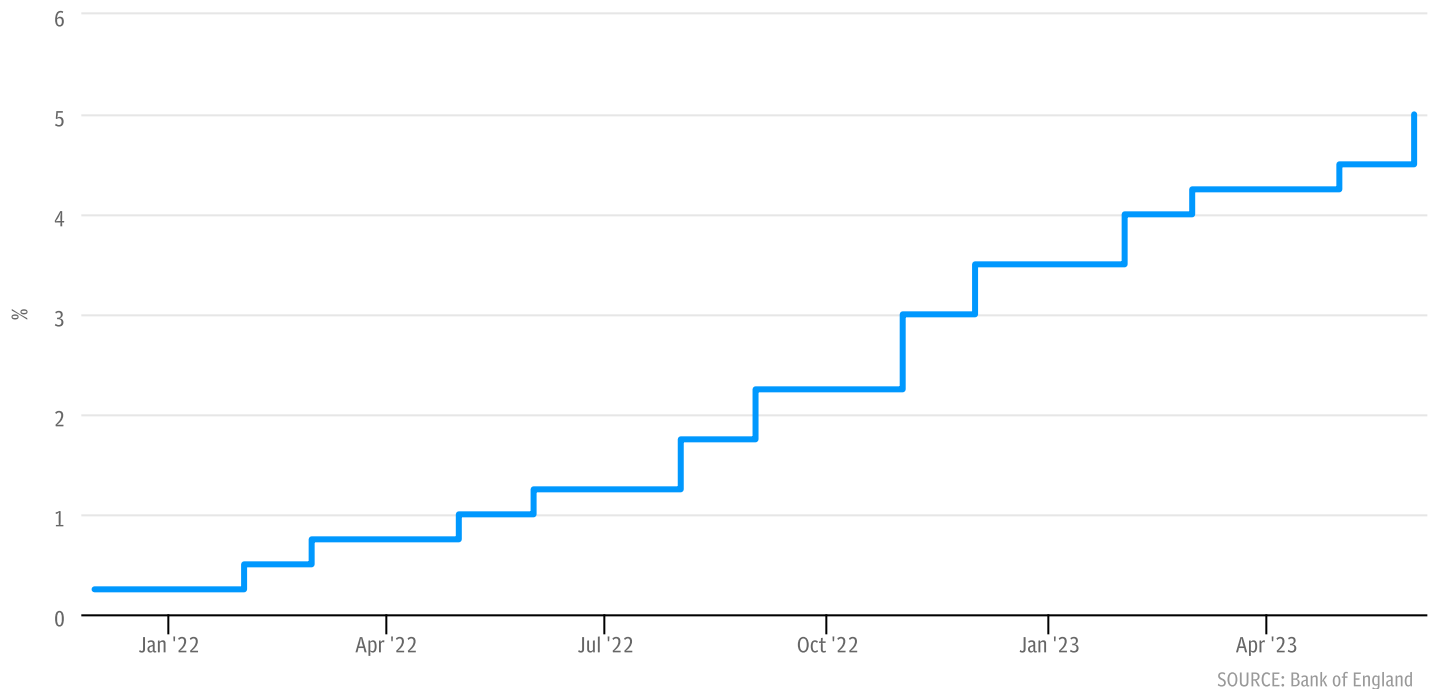
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The Bank of England fears a wage-price spiral, where wages continue rising to keep pace with rising prices. Pay grew at its fastest pace on record outside of the pandemic in the three months to April.

BUMPER RATE RISE

Bank Rate



Mr Bailey was criticised in February last year when he said workers should not ask for a pay rise in the face of rising inflation.

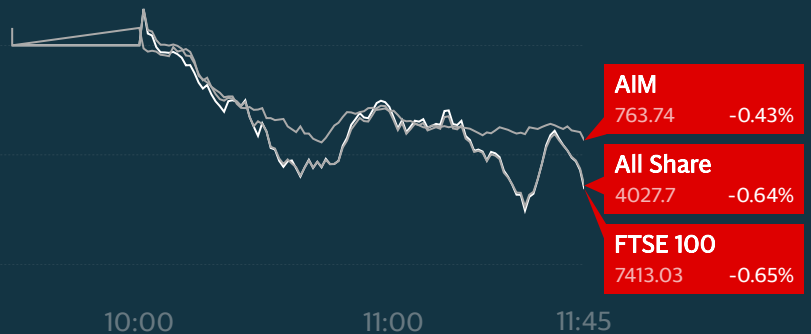
Today, the Governor said: “We’ve got to get and we will get inflation back to its target.

“To do that, we cannot continue to have the current level of wage increases and we can’t have companies seeking to rebuild profit margins, which means prices continue to go up at their current rates.

“But what I would say to people is we expect inflation to come down and it’s important then that price setting and wage setting reflects that because the current levels I’ll be absolutely honest, are unsustainable.”

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Name	Last	+ / - %
FTSE 100	7413.03	-0.65%
FTSE 250	17949.31	-0.63%
All Share	4027.7	-0.64%
SmallCap	6081.5	-0.19%
AIM	763.74	-0.43%



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- **3:58pm**
20,000 rail workers to strike next month
- **2:17pm**
Wages increases must slow down, says Bailey
- **12:43pm**
FTSE 100 sinks as interest rates hit 5pc
- **12:12pm**
Interest rates to hit 6pc and stay there until May, traders predict
- **12:01pm**
Bank of England raises interest rates by 0.5 percentage points

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