

Economics | Central Banks

# Global Central Banks Preaching on Pay Are Enforcing Squeeze Too

- Pay increases for staff don't compensate for inflation
- BOE union agreed restrained deal, governor won't take raise

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## Markets at a Glance

Americas	Europe	APAC
Dow Jones		34,123.10

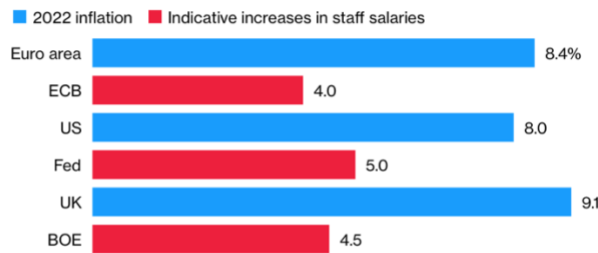
EUR  
**Euro Spot**  
 1.0869 EUR  
 ▼ -0.0023 -0.2112%

8301  
**BANK OF JAPAN**  
 25,500.00 JPY  
 ▲ +700.00 +2.82%

Even if they don't like it, central-bank employees face the same hit as everyone else in the labor market at a time when their bosses want to contain rampant inflation in the economies they oversee by heading off excessive wage increases.

## Monetary Discipline on Staff Pay

Global central-bank wage increases won't be fanning a price spiral



Source: Bloomberg, central banks  
 Notes: Chart shows change for 2023 for ECB, prevailing increases in lower and upper bounds of Fed salary grades for 2023, fiscal year starting April 2023 for BOE

In the euro zone, where inflation reached a peak of 10.6% last year – a record in the history of the single currency – European Central Bank staff received a 4% salary increase for 2023. That followed a 1.48% raise that had also failed to keep pace with price growth.

It's a similar case at major national central banks in the euro area. At the Bank of France, a 4% raise awarded in July was the first increase in five years.

Germany's Bundesbank – famously a temple of price stability – lifted pay for staff by 1.4% in April 2021 and then by 1.8% a year later. Public-sector salary talks that

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News that the BOE is also containing wage demands emerged just this week. A 3.5% raise and a one-off 1% salary top-up accepted by union officials for the next fiscal year is half inflation and less than the 5% agreed by the government for 5.5 million public-sector workers. Lowest-paid employees will see the biggest gains.

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While the Fed in Washington does not reveal details of actual staff salary awards, its 2023 pay scale published this month indicates a maximum increase of 5.1% in the lower and upper ranges of every salary grade aside from the most junior level. That compares with average US inflation of 8% in 2022.