Autumn Statement

Britain faces a profound challenge to reverse the tide of rising inequality and build a new economy that delivers fairness for working people. Tackling the living standards crisis which has left the majority of ordinary families struggling with smaller pay packets and rising household bills, should be a One Nation government’s top priority.

Osborne in his autumn statement last week failed his deficit reduction pledge as low-paid Britain is paying much less tax than expected. And businesses won’t find the customers they need if consumers do not have money in their pockets.

Nothing in the statement will give Britain a pay rise and Conservative plans to effectively outlaw strikes will help make Britain permanently low-paid. Wrapping up last year’s infrastructure presents and giving them to us again will not give the economy the extra boost it now needs.

Last week we should have seen policies for growth but the Chancellor has boxed himself in with a rigid and artificial deficit reduction timetable. If he continues in office that will mean eye-watering spending cuts straight after the election. These would knock the recovery sideways, deter investment and lead to great damage to our social fabric.

This is economic self-harm, threatening a vicious circle of further decline. That would be Groundhog Day all over again – the same mistake that the coalition made in its first two years

We need a plan to get wages growing and a plan for a high-skilled and sustainable UK economy.

We need a new economy that works for ordinary people, including a **fairer distribution of wages** so that the gains of recovery reach across the workforce. Top directors now earn 175 times the average wage, up from 45 in 1998. That means they earn more in a day and half than most people do in a year. Distributing wages more equitably also puts more money into the pockets of people who spend it on goods and services in the local community, stimulating the grassroots of the economy.

Full-time workers on the minimum wage would be nearly £800 a year better off had it kept up with price rises since 2007. We need stronger rises next year and in the years after that to start making up some of this lost ground, **we need a higher minimum wage.**

To prevent the pay stagnation that preceded the crash and helped fuel the credit boom and growth in inequality before the crash, we need to expand the coverage of **collective pay bargaining** because only through that can we really raise employment standards across the UK.

**Corporate governance** **needs reforming** to ensure that the workforce is represented in decision making. For too long UK business has been too ‘short-termist’, giving workers a voice and a seat on the board can help to address this.

The TUC believes these are good policy goals for fairer growth.

Beth Farhat

TUC Regional secretary