**Minimum wage no substitute for strong unions**

As the new higher National Minimum Wage (NMW) rate for workers aged 25 and above (announced in the July 2015 Budget) took effect on 1stApril, we at the TUC are greeting it with somewhat mixed feelings. We are of course pleased that many workers would get a pay increase, but worried about younger adults being left out of the new rate, and deeply concerned about the accompanying cuts in tax credits.

The increase of 50p to £7.20 will effectively create a new NMW band for older adults – rising to more than £9.00 by 2020. The new NMW rate has certainly drawn out a small detachment of doom-mongers. JD Sports, Next, Costa, Whitbread and JD Wetherspoon have all publicly espoused the view that the higher rate is likely to cost jobs and/or lead to price increases.

However, the TUC believes that these claims are overstated and that businesses will find that they are able to cope with the new rate. Past claims that the NMW will have a negative impact have consistently turned out to be overstated.

Perhaps unsurprisingly, employers who assert that they cannot increase pay often really mean that they do not really want to have to do so.

The real issues around the new minimum wage rate; there are potential pitfalls in creating a new gap between 21-24 year olds and older workers. This is certainly likely to breed resentment between different age groups and may harm younger workers’ motivation and productivity, for example.

It is important to make sure that younger workers are not left behind. Our view is that the full rate should be paid to these workers as soon as possible. If this aim cannot be achieved in one go, then at least the gap should be significantly narrowed, as the employment position of younger workers is now improving.

Furthermore, adding to the number of NMW rates may mean that people find it harder to know their respective rights and duties. The rates should be well advertised and better government guidance is needed.

In addition, it is vital that nobody mistakes the new minimum wage rates for the last word on decent pay. The TUC wants to see the NMW continue to rise and be fully enforced but, by definition, a minimum pay standard will never be able to help everyone.

There must always be a strong role for trade unions in setting decent wages. We currently negotiate wages for 8.6m people, but there are many others who would like this service but cannot get it because their employers will not talk to trade unions.

**Beth Farhat**

**Regional Secretary, TUC**