

LEARNING FROM THE PAST TO BUILD A BETTER FUTURE

A MASSIVELY EXPANDED STATE IS NEEDED WITH A GREATER ROLE FOR UNIONS AND THE PEOPLE THEMSELVES **PRESENTING A MANIFESTO FOR RECOVERY**

The Covid-19 pandemic, the economic downturn that followed, and the current cost of living crisis has revealed in sombre terms the true nature of British society and the huge inequalities which characterise it.

Some of us were more vulnerable to contracting the virus than others, while some were more vulnerable to serious and critical symptoms than others. Those in lower paid work and those living in poor areas were more susceptible. But the inequalities revealed in the distribution of COVID, and its consequences (including death) is just a reflection of fundamental economic inequalities.

Even before COVID, wages had been suppressed for over a decade. During COVID, despite the Government's COVID rescue packages, from furlough to self-isolation on statutory sick pay, many lost their jobs, and hundreds of thousands registered for the mercies of Universal Credit. Now the working class face the catastrophe of massively inflated prices with pay which does not match. The greatest depression for two hundred years is upon us, a depression which, it is evident to everyone, will get worse before it gets better.

In the wake of the pandemic, we have seen the emergence of fire and rehire tactics by employers, reducing pay and terms and conditions by ripping up contracts and collective agreements and

presenting workers with a take-it-or-leave-it choice of unemployment or worse pay and conditions. In the case of P&O Ferries even that choice was not open to the sacked workers.

From the government, after the Thursday evening clapping of the key workers, a raft of new legislation is proposed, aimed at those very same workers, to prevent them taking industrial action to defend against pay cuts and the degradation of their terms and conditions.

We now face an enormous crisis that calls for more than tinkering around the edges.

We have a massive job of rebuilding a broken society. Neo-liberalism and buccaneering free market capitalism has totally hollowed out the resilience of the State which, on top of years of imposing austerity, public sector cuts, and anti-union restrictions, has proved itself to be no match for the global health pandemic or, in any way able to control the gross profiteering of energy producers and the privatised water, rail or mail companies.

The State has failed in its most basic duty to protect the lives of its citizens. We see a failure of politics and public administration on a scale not witnessed in modern times.

But above all, as the COVID crisis morphs into the cost of living crisis, the utter failure is revealed of the economic model of neo-liberalism, free markets and global supply chains.

It is true that the current crisis is global, but the UK is suffering uniquely badly, its GDP is stagnant, its productivity is the worst in the G7, its energy prices amongst the highest in Europe and the rate of inflation greater than almost every other European country. Brexit has pushed up the cost of imports and the difficulties of exports, replacement trade deals have been so badly negotiated that they are proving disastrous for UK farmers and other sectors.



SO, WHAT ABOUT THE FUTURE?



Crises have occurred before and the steps taken to address them, their causes, and their consequences, have sometimes been inspiring. The worst crisis, probably since the Black Death in the fourteenth century, was the Second World War. Out of that came, in the UK, the radical post-war government of 1945. And globally that tragedy led to the revival of the International Labour Organisation (ILO) by the *Declaration of Philadelphia*, just weeks after the German surrender in Berlin in 1944. This is the greatest ever international statement of agreement on social justice: although imitated, it has never been equalled.

At its core, the Declaration of Philadelphia commits every nation to freedom of association and the 'effective recognition of the right to collective bargaining,' as well as 'policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all.'

In other words, the value of work and its rewards ought not to be determined by the vagaries of a 'labour market,' but by equity and justice.

More than claps: we need to address the imbalance between the low and the well-paid.

Indefensibly, those on whom we are all most dependent are the lowest paid and the most vulnerable. It is they who will suffer the most by the gross profiteering which has led to the cost-of-living crisis now upon us. Their critical role as well as their dignity and their bravery during the pandemic reinforces the irrationality and injustice of existing

wage structures and the imbalance between the low and the well-paid. Above all, it reveals the interdependence of all who labour in whatever capacity, and the need to flatten what has become an unjustifiable income curve.

If we are to escape the clutches of neo-liberalism and re-assess our values to rebuild after the COVID crisis and in order to avert the cost of living crisis, there is a need for a public policy revolution at least as great as that we saw in 1945, until it was eclipsed by Thatcherism in the 1980s.

There is a need for a greatly expanded role for the State, a need that will continue as the country faces up to the devastation after COVID and being imposed by inflated price rises.

An enlarged role for the big State will create in turn a need for new forms of political engagement and participation: citizens have a right not just to be spoken to by government but to be in government with government. It will also create a new role for trade unions at the highest levels of policy-development and rulemaking through sector wide bargaining, and the need for permanent machinery to create a framework for such engagement.

It is now more widely understood that trade unions perform an important role in a free society as intermediate institutions between State and citizen in an open, resilient, democratic society.

We need strong trade unions with the power and authority to participate in government, to hold governments to account, and to resist policies that damage the national interest. But this will be only the start, as we look to the past to build a better future.

This is an updated version of Lord John Hendy QC and Professor Keith Ewing's joint article 'Covid-19: Learning from the past for a better future', published by the IER in May 2020





WHY WE NEED A MANIFESTO FOR RECOVERY

Workers before Covid:

- ▶ 5.1m people earned less than the Real Living Wage (£9.30 per hour)
- ▶ For 12 years, average wages had not increased, and now they are falling as prices increase
- ▶ 3.6m workers in insecure work

Workers during Covid:

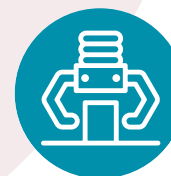
- ▶ Real terms earnings fell 0.9% for workers between 2020–2021
- ▶ Inequality led to those on lowest pay suffering highest levels of infection and death
- ▶ 1-in-10 workers forced to reduce pay and terms & conditions via fire and rehire

Workers and the cost-of-living crisis:

- ▶ Inflation soars at 10.1%, predicted to continue climbing
- ▶ Wages are slowly rising in nominal terms but nowhere near the rise in prices; the result are real wage cuts for the vast majority of workers, more sharply for the lowest earners.
- ▶ UK economy heads for further economic downturn and recession

What we want & what we need:

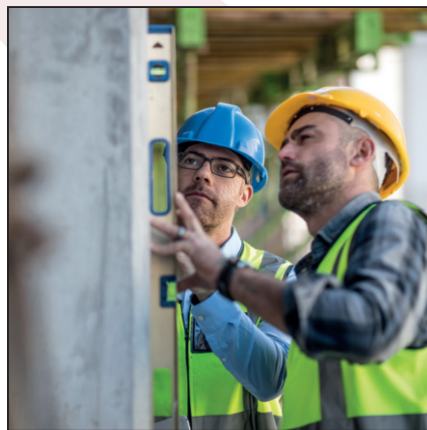
- ▶ Fulfilling, secure, sustainable and well-paid jobs
- ▶ H&S law and enforcement fit for workers in the 21st century
- ▶ Legally abolish coercive fire & rehire, or P&O style fire & replace tactics.
- ▶ Restore democracy and worker voice through collective bargaining across sectors & industries.
- ▶ A just transition to an environmentally sustainable economy
- ▶ Radically reform and increase workers' rights and the enforcement of them, to address power imbalance at work
- ▶ Negotiated, reduced working time without loss of pay, so workers have more time to enjoy the fruits of their labour
- ▶ Use automation to ease workers lives, not to intensify them or keep them under surveillance
- ▶ Increase wages and tax big business to stimulate demand, support public services, and grow out of recession



www.ier.co.uk/manifesto
 @ieruk #ierrecoverymanifesto

10 STEPS TOWARDS A RECOVERY MANIFESTO

- 1 There is a need for co-ordinated and progressive international action, as in the ILO Declaration of Philadelphia (1944).
- 2 In the UK, sector-wide collective bargaining must be restored, as a key lever for redistribution, the promotion of equality, and to raise wages.
- 3 A true green and just transition in energy (and elsewhere) is required to save the UK and the world and to provide a new generation of worthwhile jobs.
- 4 At domestic level, radical and transformative fiscal policies must be adopted to raise taxes, in order to increase spending, in order to promote income equality and equality of wealth.
- 5 The State must be rebuilt as the expression of collective solidarity, not just in health, but also in employment, housing, education, transport, and income maintenance.
- 6 Participation in government must be expanded to give trade unions a voice in public policy development, while all public services must be delivered directly by public bodies.
- 7 The economic constitution must be restored to recreate an open, robust, resilient, and inclusive democracy based on entitlement through strong industrial citizenship.
- 8 Steps must be taken to ensure the dignity of all workers, and to end the various forms of exploitation through non-standard employment. Enough is enough.
- 9 We must re-assess the value of work and its rewards. Wage rates should be based on service to the community not market value, with much greater State intervention. In particular wages, through sectoral collective bargaining must rise in our vital public services so as to recruit and retain staff to fill the tens of thousands of vacancies.
- 10 Steps must be taken to disempower global corporations and to democratise companies, as an integral part of the new economic constitution which includes public ownership of the fundamental services.



IER
Institute of
Employment
Rights