

# NEW POLICIES FOR A NEW ECONOMY

It will take institutional reform, not just short-term fixes, to cure Britain's economic ills, says Labour leader Ed Miliband

## **WE HAVE reached an economic turning point.**

Not just one month's bad news, but the economy flatlining for a year. Unemployment is rising rapidly with the prospect of a new wasted generation being created, growth prospects look bleak and families are being squeezed harder and harder.

We cannot carry on like this.

How will we ever fulfil the immense potential of our country – the promise of Britain – if we allow more than one in five of this new generation to be out of work?

Why should families with children and some of the most vulnerable pay the biggest share of a bill for a financial crisis they did not cause?

And why should we have to borrow an extra £158 billion over the course of this Parliament, not to support the economy through difficult times, but to pay the bill for economic failure, higher unemployment and a bigger benefits bill that this reckless Tory plan has created?

David Cameron's policies are hurting, but not working.

This is a government out of touch with the real challenges facing businesses, families and young people. It needs to start listening. But as well as the immediate issues we face, we need change for the long term to reflect the values of the British people in the way our economy works.

We have seen top pay rise by almost half, profits of energy companies reach record levels, and concerns reverberate around the world about a system that works only for the 1 per cent.

But this argument for a more responsible, productive capitalism is not just about morality and social justice. It is also about hard-headed economics. The failure of the Government's austerity plan means that the next Labour government is likely to inherit a deficit that still needs to be reduced. So, even then, resources will have to be focused significantly on paying down that deficit.

Therefore if the next Labour government is to tackle the challenge of social injustice in straitened times, reform of our economy will be vital.

Creating good jobs at good wages, with sustainable long-



Ed Miliband with 105-year-old former suffragette and anti-war campaigner Hetty Bower at the statue of Emmeline Pankhurst in Westminster on International Women's Day last year

**CONTINUED BACK PAGE**

The 2012 Unions 21 annual conference will be held on Friday 30 March at Congress House. Its theme will be 'Unions and the New Economy'. For further details go to [www.Unions21.org.uk/events/annual-conference-2012](http://www.Unions21.org.uk/events/annual-conference-2012)

# Coalition targets women

Anna Bird, Acting Chief Executive of the Fawcett Society, says government policies threaten progress on women's equality

WHILE THE fight for equality between women and men has long been an uphill struggle, the current economic situation – the 'age of austerity' – poses a new kind of threat. The steady, albeit at times slow, progress we have seen in recent years is not only grinding to a halt but beginning to change direction. The coalition's approach to tackling the deficit risks not only halting but in many areas reversing progress on women's equality in the UK.

Fawcett's analysis has found that women face a 'triple jeopardy' of job losses, benefit cuts and the expectation that they will fill the looming 'care gap'.

While the government has done what it can to portray spending cuts as affecting us all, the reality is some will be worse affected than others, and it is women who will bear the brunt.

Women's unemployment is now at a 23-year-high – and rising. In large part this is down to dramatic cuts to the public sector workforce – some 40 per cent of women working in the UK today are employed in this sector: they make up two thirds of the public workforce overall. The Office for Budget Responsibility estimates 710,000 jobs will be lost from this sector by 2017. We can expect half a million women – nurses, teachers, council workers, school meal assistants, Sure Start workers, domestic violence support workers – to lose their jobs.

If you lose your job, woman or man, it will always be devastating for you and your family. But the scale of job losses across the female workforce means that at a national level, our expectations of women's financial security and employment opportunities will be significantly lowered.

The government's fiscal policy is also hitting women hard – last year's emergency budget and comprehensive spending review saw some £18 billion cut from the welfare bill. Roughly two thirds of these savings – £11 billion – are set to come from women's incomes as benefits, tax credits and one-off payments have been scrapped, frozen or scaled back. Research by Fawcett and the Institute For Fiscal Studies found single women will lose more as a proportion of their income than other households, while single mothers can expect to lose a terrifying 8.5 per cent of their net annual income by 2015 – more than a month's income each year.

Measures contained in the Autumn Statement have a similarly skewed effect. Three quarters of the savings made through freezing working tax credit, trimming rises in child tax credits and capping public sector pay will come from women's pockets, the House of Commons Library has calculated. That research also found that 4.6 million women (compared to 2.6 million men) will be affected by the 1 per cent cap on pay rises in the public sector for two years.

Aside from seeing jobs dry up and a reduction in financial support from the state, women are in the front line when it comes to the roll-back on public services. A reduction in the availability of things like wrap-around childcare and social care for the elderly will therefore have a skewed effect. Women's ability to juggle family and work responsibilities is being jeopardised, and as the gap between demand and supply grows wider, it is those who already provide informal care – still for the most part women – who will plug the



**The Fawcett Society calls for ring-fencing of funding for SureStart centres**

**Shoehorning additional responsibilities into often overstretched lives, combined with the increase in childcare costs and shrinking real money pay packets, is likely to see a lot of women find paid work no longer makes financial sense**

hole. Shoehorning additional responsibilities into often already overstretched lives, combined with the increase in childcare costs and shrinking real money pay packets, is likely to see a lot of women find paid work no longer makes financial sense.

Many of these individual measures will do a great deal of harm, but add them all together and the effects are disastrous. We face a watershed moment in women's rights: no longer are we fighting just to progress equality – but to defend those rights now under threat.

In response, the Fawcett Society has produced *A Life Raft for Women's Equality*. Detailing a series of targeted and achievable policy measures that could be adopted by government at or before the 2012 budget, it represents the combined knowledge and expertise of more than 20 organisations and individuals across the charity, academic, voluntary and union sectors.

The life raft is not a magic wand, but the various policy measures it contains will go a long way to help stop the clock turning backwards.

Recommendations include:

- restoration of support for childcare costs for low-income families to pre-April 2011 levels – this would help ensure paid employment makes financial sense for the many low income women who have found they are better off not working;
- ring-fencing of funding for SureStart children's centres – this would further protect women's access to employment and shore up the other vital benefits these centres offer thousands of families; and
- stopping local authorities from treating violence against women's services as a soft touch for cuts, to ensure that some of the most vulnerable women in the UK have access to the support they need.

Women's rights are under unprecedented attack. The government has the power to stop the clock turning backwards. To find out more and sign the petition calling on government to adopt the life raft, visit our website [www.fawcettsociety.org.uk](http://www.fawcettsociety.org.uk)

# Rachel Reeves, Shadow Chief Secretary to the Treasury, on the stories behind the statistics and the policies needed for a real alternative

THE ANALYSIS accompanying George Osborne's autumn statement confirmed what working families throughout the country already know all too well – Britain is going through the sharpest squeeze on earnings and living standards for generations.

Average incomes suffered a real terms fall of three per cent in 2011 and are set to drop further over the next year. And those out of work – 2.6 million and rising – face an increasingly uncertain future.

But most shocking was the conclusive evidence that the Tory-led government was making things worse: first, by raising taxes and cutting spending too far and too fast; and second, by choosing to load the burden onto those least able to bear it.

Women are at the sharp end of this quiet crisis now unfolding in kitchens and living rooms around the country.

In most households women still take the lead on managing their family's finances. Every month they feel the gap widen between what is coming in and what is going out – as food and fuel bills rise, incomes stagnate or fall, and, for many, debts mount up. And the money that working women bring home is increasingly critical to household finances.

As a constituency MP in Leeds, through my campaign to stop unfair increases in the women's state pension age, and now in my work as Shadow Chief Secretary to the Treasury, I've heard the stories behind the statistics: women like USDAW member Barbara, who had to interrupt her working life to care for her disabled husband, and will have only the state pension to rely in old age; or UNISON member Catherine, whose family are counting on her part-time council job now her husband faces redundancy.

You would think that a government claiming to be concerned for children and families would want to help. Astonishingly, however, with almost every decision it takes, this government is piling more pressure on families and throwing more obstacles in the way of working women.

The government's decision to increase VAT, and inaction over rising energy bills, has stretched household budgets to the limit. Research commissioned by Yvette Cooper has shown how changes to taxes, tax credits and benefits have taken twice as much from women as from men. Deep cuts to child care support and SureStart, as well as poorly designed restrictions to working tax credit, are making it much harder for working mums to stay in their jobs or increase their hours.

Working women are also taking the hardest hit from cuts to the public sector, where they make up two thirds of the workforce. 710,000 jobs are to go, according to the latest official estimates, while those that remain are being hit with a double whammy of a pay freeze and extra pension contributions. Part-time workers – the vast majority of them women – will be poorly served by 'protections' based on full-time equivalent salaries – including 850,000 women earning less than £15,000 a year.

The result is that women's unemployment is now at its highest level since 1988, at 1.1 million, and over 2010 the number of young women out of work for more than six months more than doubled.

As a deficit reduction strategy, this is utterly self-defeating. Collapsing tax revenues and rising numbers on unemployment benefit mean George Osborne now plans to borrow £158 billion more than he promised he would just one year ago.

## Plenty of pain, but no gain for women

*Women's unemployment is now at its highest level since 1988, at 1.1 million, and over 2010 the number of young women out of work for more than six months more than doubled*

**Rachel Reeves and the managing director Bernard Bunting present certificates to two successful apprentices at Perry Uniform, a successful school clothing manufacturing firm in Leeds**

To distract attention and deflect blame from their failing economic plan, the government has resorted to picking fights with public sector workers over their pensions and pay, and mounting ill-informed attacks on union facilities, which research shows – and which I know from my own experience in the private sector – are often a key ingredient in helping management and employees work together to get through challenging times.

Labour is campaigning for a real alternative – a five-point plan that will get help to working families and generate the jobs and growth we need to tackle the deficit.

While George Osborne's November mini-budget chose to take another £1 billion out of tax credits while raising the bank levy by £330m, Labour would repeat the tax on bankers' bonuses, raising £2 billion to create 100,000 new jobs for young people and build 25,000 new homes.

We would also restart 'shovel-ready' investment projects the coalition has cancelled, such as desperately needed new school buildings; a temporary cut in VAT to put £450 a year in the pocket of an average family with children; a further cut to VAT on home improvements, reducing the cost of repairs and boosting the construction industry; and a National Insurance break for small firms taking on new workers.

These are the practical, effective solutions to the crisis in jobs, growth and living standards that working women and families desperately need. I look forward to working with Unions 21, and union members around the country, to campaign for this agenda.





JUSTIN TALLER/REPORT/DIGITAL.CO.UK



Labour peer Maurice Glasman joined TUC deputy general secretary Frances O'Grady in a discussion organised by Unions 21



JESS HARRIS/REPORT/DIGITAL.CO.UK

# Bold and radical

LABOUR PEER Maurice Glasman called for bold and radical reforms of society and the economy in a discussion with TUC deputy general secretary Frances O'Grady organised by Unions 21.

He also said that unions had neglected local activity and placed too much reliance on reform by the state.

Unions 21 chair Sue Ferns posed a series of questions to the pair, beginning with what today's unions and the community organising movement represented by Lord Glasman could learn from each other.

He said that "community organising is an abandoned child of union organisation". Earlier generations of trade unionists had been community organisers, he said. People forgot that Ernest Bevin, the great leader of the Transport and General Workers Union, had been a docks organiser.

His experience in helping to organise a living wage campaign was that it began working closely with a union but then "it just fell away". The "big lesson" was to work with local assemblies. Mosques and churches always delivered a turnout and unions did not.

Frances O'Grady said that "treating people as human beings rather than just workers" had been central to the ethos of unions in earlier generations when, for example, they had fought evictions and organised rent strikes.

Both agreed that unions had much to do to revive interest

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in trade unionism.

"People's expectation of democracy within unions is not just about being represented," said Frances O'Grady. "It's about having the chance to take part and shape the organisations we belong to."

Maurice Glasman said that it was vital to re-engage a sense of ownership of unions among their members. "It's not as strong as it should be," he said. This reflected in "instrumental attitude" to membership. People joined for purely work-related issues when they should be joining because "that's their club".

Asked by Sue Fern about the role of unions in building a better economy, Maurice Glasman made several comparisons between the economy and the role of unions in Britain and in Germany, where they were a recognised part of the economy and society. On issues like vocational training and restructuring they "negotiated from within".

Frances O'Grady said unions had an important role in envisioning what a better economy would look like.

Maurice Glasman said he detected a "paradigm shift" in discussions on industrial policy. The out-of-hand dismissal of "picking winners" and throwaway references to British Leyland were being replaced with an acceptance that it is necessary to discuss industrial policy. "The issue of ownership and the role of the state has to be on the agenda," he said. Once again, there were "loads of lessons" to be learned from Germany,

although wages were being depressed there as they were in Britain and more and more of the workforce was no longer protected by sectoral agreements.

Frances O'Grady pointed out that Germany's labour market, very much more regulated than Britain's, was performing much better.

She pointed to research showing that ideas for better and more productive ways of working usually come from employees and not managers.

She said some Labour government figures had "only understood public sector reform as a transactional relationship modelled on the private sector and taking no notice of human relations".

And she condemned the adoration of the private sector by "people who have never had to wait in for a washing machine to be delivered – otherwise they would know the private sector is not perfect".

Agreeing, Maurice Glasman said: "New Labour was definitively managerial. Its contempt for the workforce and fear of it was its defining feature. There was no brokering of a genuinely co-operative relationship with public sector unions." There had been an obsession with customers and clients.

Public sector organisations, he said, should be run on a tripartite basis of "a third, a third, a third" – by representatives of workers, users and funders.

Responding to a question about the definition of workforce and management, Maurice Glasman introduced the concept of "vocation" which he later developed when discussing the role of apprenticeships.

Frances O'Grady first stressed that "apprenticeships are not enough". While she strongly backed their expansion, she



**Happier days for apprenticeships: Union representatives and the government sector skills council come together to sign an Apprenticeship Framework Agreement two years ago. Signing the agreement are Gill Hammond, chief executive of Government Skills, and Charles Cochrane, secretary of the Council for Civil Service Unions. Unions 21 chair Sue Ferns is second from the left**

Frances O'Grady recalled the dockers' register that the TGWU won as part of its successful campaign to decasualise the docks. Now, instead of controlling who got into work, unions needed a voice and an influence on what people did within work. Both agreed that unions could be "joint holders" of the "licence to practise" in a particular vocation and that where there was "bad work" or people violated the ethics of the job, they could be struck off.

Maurice Glasman reprised his much-criticised suggestion that half of Britain's universities should be closed and turned into vocational colleges in an approach to education and training that was much closer to the German system.

Doctors, plumbers, electricians and lawyers would all be trained together in vocational colleges while universities would deal with subjects like pure science and arts.

"This is the sort of boldness we have to show in restructuring the economy," he said, adding that the 1830 abolition of apprenticeship laws was "as bad as enclosures" because it involved dispossession of working people from their rightful place as having status in the body politic".

Asked about how they would change today's working environment if they had the opportunity, Frances O'Grady said one of the things she loved about the trade union movement was that the nature of its structures come out of what people do. So a union representing railway workers was organised by line and not by region. But organisation was often "stuck a generation behind". Generational lag. In terms of future union organising she wanted to concentrate on "the heads of supply chain" and how unions had to apply bargaining power at that level lower down the chain. "We need to think strategically about how we match capital in the way it has reorganised".

Maurice Glasman said he remained in awe of the organisations built by the founders of the trade union movement and that, in many ways, there was no need for improvement in that. But he did suggest that a key principle should be: "Members first; ideology second".

Frances O'Grady said that unions were both an institution and a movement and should not forget either role. "Our great strength is that we are local and international. What binds us together are simple but powerful values. We should not get so hung up on protecting the institution that we forget the movement."

She said that if unions could start again they should invest much more in communications. It was still the case not every union member was plugged into the movement as a whole. She stressed she meant "communicated with, as opposed to sent something".

Maurice Glasman said it was important to share the vision that trade unions were going to be important part of the future. They represented the power of people to act democratically in the world to preserve their values and status.

He agreed with Frances O'Grady that: "The humanisation of the world is precisely what this is about. That's the whole story."

# radical

pointed out that government had shifted money out of adult training to pay for apprenticeships. And what most people recognised as "real apprenticeships" were in decline and an apprenticeship could now be as short as six months with the apprentice getting £2.60 an hour.

Skills training, and the lack of it, accounted for one fifth of the UK's productivity gap with countries like Germany and France.

Agreeing with Frances O'Grady that government resistance to anything but a voluntary approach to training would continue unless unions could force the issue, Maurice Glasman said: "We have got to move from vocational training to a vocational economy".

It was crucial for everyone to have status in economy. "No-one questions doctors' and lawyers' apprenticeship systems," he said. "What about carpenters and plumbers? Skilled workers have been deprived of their status."

His answer was a mixture of the conservative and the radical: "I want to see the status of work publicly recognised. So you can't be an electrician or a plumber, without going through an apprenticeship." That would be a vocational economy. "Bold change" was needed to prevent capitalism forcing a "race to bottom to the cheapest workforce". That change would be a national system accreditation that all had to work within.

***'Our strength is that we are local and international. What binds us together are simple but powerful values. We should not get so hung up on protecting the institution that we forget the movement'***

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# Pensions: why they matter to all of us

The day of action on 30 November was the biggest in a generation. With an unprecedented number of unions co-ordinating action on the day it also served to demonstrate the diversity and resilience of the trade union movement. Every aspect of public service was represented, including members of unions who had never before taken strike action. So why has the defence of pension provision become so important? Hilary Salt and Paul Moloney from Unions 21 affiliate First Actuarial explain

THE UNPRECEDENTED action on 30 November was itself a response to an unprecedented attack on pensions in the UK, which is being replicated throughout Europe.

On the one hand the UK government has set a timetable requiring employers to make compulsory contributions to pension arrangements for their employees. But the overall trend is for the closure of good quality schemes, their replacement with less secure arrangements and worsening state provision.

Throughout Europe this pattern is repeated. The response to the euro-zone crisis has seen an attack on state pension provision from Greece to Ireland. Even before the full implications of the crisis were being felt the UK and Dutch governments had started increasing the state pension age, provoking anger within the trade union movements of both countries.

So is this really because we are living in a society that can no longer generate enough wealth to share it with those in retirement? While the debate about age discrimination is very important and needs to ensure that those who do wish to work longer can, we also need to ask serious questions if this is no longer offered as a choice but is forced upon people who do not have sufficient income to stop working at traditional retirement ages.

The response to the pensions crisis very much depends on how the above question is answered. We have lived through other economic downturns without seeing comparable attacks on pension provision. So is it a wealth generation issue or are there some easier answers that could better protect decent pension provision?

First Actuarial work with a number of different employers, including trade unions but also in the shipping industry and housing associations. Overwhelmingly we find that employers are prepared to invest in pension provision. They continue to recognise the value a good quality pension scheme has to the business as a recruitment tool, as a means of retaining skilled and experienced workers and as a useful way to assist in managing workforce change. In our experience what they do not want is complexity and a lack of control over costs. Unfortunately, so far, the pensions industry has delivered simplicity and cost control through

defined contribution schemes, but almost always at the expense of quality.

So maybe part of the responsibility for resolving the pensions crisis lies with the pensions industry. Trade unions have done their bit to protect quality pension provision for existing members. However if unions are to remain attractive to the younger generation of workers then they must also ensure such provision remains in place for those yet to join the labour market. The 2006-07 public service pensions settlements protected existing members at the expense of new entrants. If a similar strategy is followed it will make the job of recruiting new young members more difficult.

Nevertheless, unions have consistently made the argument, and the business case, for quality pensions. Over the years they have been able to negotiate significant levels of employer contribution. What unions and employers now need are pension vehicles, and an appropriate regulatory regime, that turn these contributions into cost-effective, reliable pensions that avoid the damaging level of complexity and uncertainty employees understandably don't want.

What we now need to see is more imaginative and so called 'blue sky' thinking from the pensions industry more generally. We need to look with an open mind at pension provision in other countries. As trade unionists, we need to analyse concepts such as hybrid schemes and collective defined contribution.

Above all we must defend public sector schemes for existing and new members as the benchmark by which other schemes are judged. We should robustly defend the view that collective provision is not just fairer and more cost-effective but that it is better. It is up to us to make sure that the pensions industry recognises this is what workers and their employers need.

If we cannot persuade the pensions industry of this then we will have to start asking more fundamental questions about why we cannot afford as a society to finance retirement.

■ **First Actuarial advises a number of trade unions on pensions, including many of those that participated in the day of action. The organisation is affiliated to Unions 21.**

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MPs Frank Doran (left) and Andrew Miller at a Unions 21 exhibition in the House of Commons in December 2011, sponsored by Thompsons solicitors and supported by Frank Doran. It included a photo display by RMT/Aslef developed as part of a UnionLearn project to educate employees in photographic techniques

# Unions 21



## Equity joins Unions 21

Equity is proud to be the most recent addition to the Unions 21 steering committee. With a membership of 36,500 actors, singers, dancers, variety artists, stunt performers, models and many other creative workers, Equity is a strong voice in the entertainment sector and hopes to bring a different perspective to Unions 21 initiatives.

Christine Payne, Equity General Secretary, said: "While we already run a number of joint projects with existing members such as the Musicians Union and BECTU, and work very effectively at sectoral level through the TUC and especially through the Federation of Entertainment Unions, we are very excited to be contributing ideas to drive forward the collective agenda of Unions 21.

"Our members are keen to broaden their involvement in the trade union movement, reach out to and learn from other unions and share our own experiences. This was clearly demonstrated by the enthusiastic response of Equity members to joint union campaigns against austerity cuts during 2011 and in particular the number of activists who turned out for the TUC March for the Alternative earlier this year. We are determined to continue to campaign together whenever possible."

In recent years Equity has focussed on developing strategies to engage with, and

organise, young workers. At this year's TUC Congress actor Laura Bailey spoke at the fringe meeting launch of the Unions 21 publication *Delivering for Young Workers*. Laura shared her own experience of getting involved in her union, organising other young workers and helping to form Equity's Young Members Committee.

Christine sums up what she hopes Equity's most effective contribution to Unions 21 can be: "We pride ourselves in coming up with new and creative ways of campaigning that attract the interest of policy makers and, crucially, the general public. In the past, alongside the Musicians Union, we've taken over Parliament Square with hundreds of clowns, acrobats, jugglers and musicians using performance to protest as part of our campaign to change the Licensing Act. Earlier this year we took a delegation of high profile performers, including Sir Patrick Stewart and Maxine Peake, to Downing Street to denounce the coalition government's arts cuts and call for an arts summit."

Taking forward our recently developed organising strategies and continuing our successful social media campaigns are just two of Equity's priorities for 2012. You can find us at [www.equity.org.uk](http://www.equity.org.uk), check out our Facebook group or follow us at EquityUK on Twitter.

## NEW POLICIES FOR A NEW ECONOMY

### FROM FRONT PAGE

term business models. A better, more responsible, capitalism would mean the taxpayer does not have to pay the price for financial failure by bailing out the banks or paying the welfare costs of spiralling unemployment.

An economy that creates long-term value based on investment and commitment would mean better-quality jobs that reverse the decline of middle-class incomes, set firms up to compete on the basis of skills and quality, and produce the diversity that will protect Britain against external and fiscal shocks.

The change we need is in the rules of the system.

First, we need to refund the relationship between finance and the real economy so that the banks stand behind – rather than turn away from – business investing for the long term. That is why Labour's policy review is looking in detail at proposals for a UK Investment Bank, and at the American experience of programmes like the Small Business Investment Company which has helped firms such as Apple, FedEx and Intel succeed.

Second, we need to change the way boards bend to the demands of institutional investors impatient for quick returns. Labour is looking at whether the voting rights of shareholders should always be the same from day one of ownership – and how the tax system can encourage and discourage the short-term behaviour that holds Britain back.

Third, we need to tackle the inadequacies of our system of skills in the UK, particularly vocational skills, with a something-for-something deal between government, business and employees. Trade unions have a huge role to play in this but government must do its bit too. That is why Labour has said, for example, that major procurement contracts should only go to firms that offer apprenticeships.

Fourth, we need a new commitment to responsibility at the top – as well as at the bottom of society – including changing who makes decisions over directors' pay. Labour would ensure there was a worker on every remuneration committee because, if employers cannot look a member of their staff in the eye and justify their salary, they should not get it.

Fifth, we need to recognise that it does not make economic sense to allow large concentrations of unaccountable private power which operate as vested interests or predators but do not work in the interests of the country. That is true of the banks, the energy companies and media proprietors.

These five areas signal a new direction for our economy. They would begin to put the values of the British people – like responsibility, fairness, concern for each other – back at the heart of the way we run our country and create a different way of living together.

They would help build an economy which can pay its way in the world by building a more prosperous place to live where we reward contribution and respect talent, not privilege. And it would help the next Labour government deliver social justice in straitened times.

**OPINIONS PUT forward in this and all of our publications are not endorsed by Unions 21, but are published by us to encourage the much needed, sensible and realistic debate that is required if the trade union movement is to prosper.**