

# ELECTION 2015:

WHAT'S AT STAKE FOR THE ECONOMY?



**Policy priorities for the next  
government**

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## IN BRIEF:

**The Coalition's commitment to eliminate the public sector budget deficit through spending cuts led to Britain's economy stagnating for 3 years. Under the Coalition the economy has rebalanced further towards insecure and low-paid sectors and has failed to develop to meet the big challenges of our time - tackling climate change and protecting public services.**

**A responsible attitude towards the economy is desperately needed. Further austerity will hamper the recovery and set us back on the path to recession. The economy must be rebalanced – putting fairness and the pursuit of public good at its heart. Policies to stimulate investment, boost wages, develop new green technologies and democratise our economy must be supported.**

## THE PROBLEM:

**The current recovery is the slowest on record and under this government inequality has grown to levels last seen in the 1930s. Together the recession and the unbalanced recovery have had a damaging impact on real wages. Last year, average real weekly pay was 11.1% lower than it was in 2008.**

Public investment halved in the first 2 years of this parliament alone, while private investment took until Q3 of 2014 to recover to pre-crash levels. This deepened the recession and rebalanced the economy in the wrong direction - away from high-skill, high-wage sectors towards low-income and insecure jobs. Falling investment in infrastructure and training has contributed to poor productivity, with levels 1.8% lower than before the 2008 crash. The government has abandoned any green



credentials and has done little to challenge the growing threat of climate change.

But the economic failings of this government are many, low-wage jobs mean tax take for the Treasury has fallen, and meanwhile companies have recorded their highest profit levels in 18 years. The personal debt time-bomb remains as many have been forced to borrow to cover spiralling living costs.

## WHAT'S AT STAKE AT THE ELECTION?

Politicians have lauded a return to growth over the last year, but the truth is it has been shaky and unsustainable and has not produced the improvement to living standards so desperately needed. For most people, wages have stagnated and work has become more insecure. Our economy clearly doesn't work for working people.

The Coalition's response to the economic crisis and ensuing recession was austerity, a policy which has increased the deficit, destroyed public services and wrought misery in millions of people's lives. This election will be crucial for working people. If the last 5 years of swingeing cuts to public services has been tough, the next 5 could be devastating with the Conservatives expected to implement the most severe cuts of any major economy. No budget or service will be entirely protected. There is a lot at stake at the General Election.

# ACTION THAT CAN REBALANCE OUR ECONOMY FAIRLY:

We need a government to rebalance the economy – putting fairness and the pursuit of public good at its heart. Responsible policies will prioritise fair growth to stimulate investment and boost wages, while tackling the vested interests who don't pay their fair share.

The economy must be made to serve the many not the few and countervailing pressures, such as trade unions, that can stand up to vested interests must be supported and strengthened.

**1. Unleash investment for a green economy** by implementing a Green New Deal to drive investment towards major infrastructure projects and new green technology, including from a major national investment bank. This could transform Britain to a low-carbon economy and could achieve better quality, more stable economic growth with the creation of thousands of high-skilled green-collar jobs.

**2. Democratise the economy** through first improving democracy in the workplace by extending the coverage of collective bargaining in order to rebalance power from private profiteers to working people. In the private sector expanding the share of the economy made up of employee-led mutuals, cooperatives and employee-owned companies would begin to tackle growing inequality. Supporting state infrastructure will be needed to ensure power is distributed more evenly.

**3. Expand public ownership** to develop more democratic institutions and structures that can redistribute economic decision-making and power. Through combining higher-level strategic coordination with more localised forms of public ownership, democratic accountability and public engagement in the economy can be enhanced.

**4. Ensure regional fairness** through devolving power to regions and local authorities and developing a national framework that will ensure a fair national balance. Local communities must be enabled to challenge the imbalances of power that lead to the focus of investment in some regions over others.

**5. Invest in training and skills** to meet the skills gap and ensure working people a route into higher-skilled jobs. The next government needs to commit to a major expansion of high-quality apprenticeships and vocational training.

**6. Tackle financialisation of the economy** by taking steps to limit the scope and influence of financial institutions. Reintroducing effective regulation that restrains the activities of financial institutions, capping excessive interest rates and taxing financial transactions will help, but firm actions to democratise the financial sector must be taken.

**7. Boost wages** by raising the minimum wage to the level of the living wage. In the long-term wages won't grow unless democracy is extended to workplaces and trade unions are strengthened so that workers can bargain their wages collectively.

**8. Close the tax gap and create a fairer system** to challenge vested interests and ensure everyone pays their fair share. Preventing tax avoidance and eliminating tax evasion must become priorities for the next government.