

# FAIR WAGES AND TAX JUSTICE FOR ALL



ARGUING FOR THE ALTERNATIVE

July 2011 – Issue 2

## You did not create this crisis – don't be conned into paying for it

Hard working people are being conned into paying for a crisis caused by an irresponsible few in the banking sector.

Our Tory-led Government argues that cutting public sector spending is the cure and that their cuts strategy ensures that *'we are all in it together'*.

### **WE DISAGREE – THIS IS SIMPLY NOT TRUE!**

Attacking our public services and welfare state are political decisions

that represent the values and beliefs of this government. But there are fair and just alternatives.

### **THEY SAY**

- cutting corporation taxes for big businesses while increasing VAT for us all is fair.
- closing tax loop holes benefiting corporations and rich individuals by some £120 billion each year would drive the rich away.

- pay cuts and lower pensions are essential to tackle the nations debt.

### **WE SAY**

- a fair taxation policy and closing tax avoidance loopholes are essential and a fairer way of addressing the crisis.
- a living wage for all, pay increases and decent pensions in retirement will increase spending, generate wealth and help us to grow our economy.

### **THERE IS AN ALTERNATIVE!**

## There is an alternative

"Britain is embarking on a highly risky experiment ... austerity in the midst of a downturn lowers GDP and increases unemployment" Joseph Stiglitz, Economist and Nobel Prize winner

- Protect the jobs we have and create new ones by building the social and affordable housing we so desperately need, updating our national energy, telecommunications and transport infrastructure.
- Invest now in our manufacturing industries and downstream supply chain, green technologies, public services and the training of our young.
- Put the debt (including interest payments) at the feet of those that caused the crisis; **banks must repay every penny borrowed to bail them out**
- Crackdown on tax havens, tax evasion and avoidance by those who can afford to pay their fair share to address the deficit.
- Support trade union rights; protecting workers, their families and wider communities and redistributing the wealth we create throughout our society.

## ACTION FOR THE ALTERNATIVE:

Work out the pay inequality in your company.

- Divide your top Executive pay figure by your gross earnings and sit down... this figure represents how many years you will have to work to earn what they do in one!
- Add in bonuses, share options and pension payments and circulate the facts to members.
- We are not all in this together!
- Pay cuts and freezes are not the answer – working people must not be conned into paying for the banking crisis.

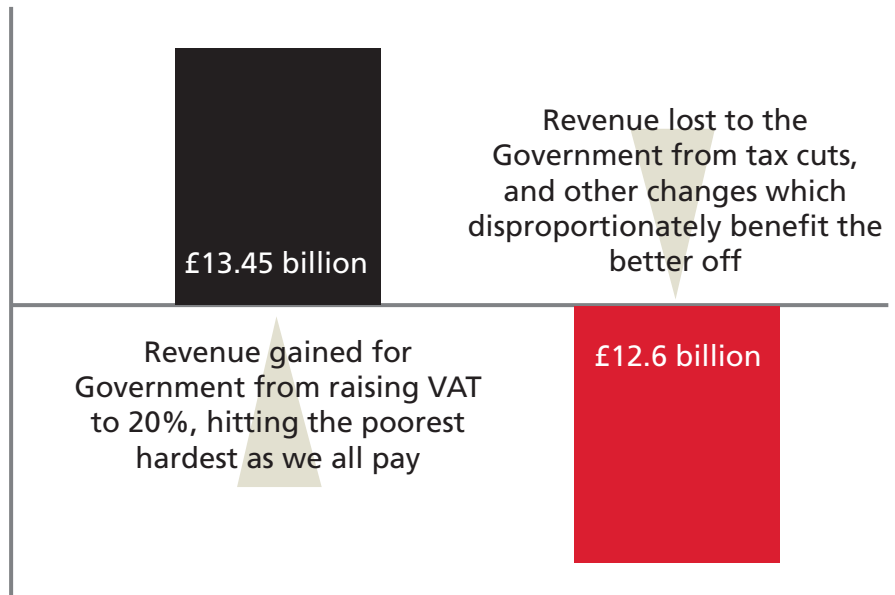
## We are not all in it together

This government has a track record of distorting information around taxation policy and welfare benefits. Protecting those high earners that they claim 'we need to attract' with low tax rates while increasing the tax burden for the lowest paid through VAT increases and stigmatising those who receive benefits.

While we are all being told that we must 'tighten our belts' and that there is 'no alternative' to the cuts being actioned, **£70 billion** in tax is illegally evaded each year with an additional **£25 billion** avoided.

The main culprits are the very richest individuals in our society, alongside some of the largest companies, many of whom are household names.

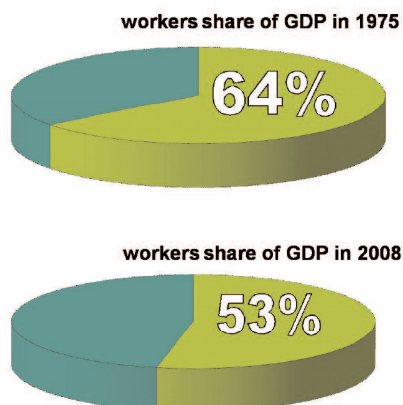
The government's agenda of public spending and welfare cuts is deeply regressive – it is hurting the poorest and those on low and average incomes much harder than the richest.



## The great pay divide

Our Gross Domestic Profit (GDP) is the total value of the wealth created each year. The charts below show how over the past three decades the distribution of the nations wealth has altered quite significantly. The share of the wealth received by workers in wages has dropped by 11%.

At the same time the richest 10% of the population have increased their personal wealth and are now over 100 times richer than the bottom 10%. This shift of wealth away from working people is a direct consequence of attacks on pay, terms and conditions and pensions as companies have raked in higher profits. And the pay of top earners has increased dramatically – evidence from the High Pay Commission showed that average pay of Chief Executives of FTSE 100 companies is now 145 times more than average earnings – £3.7 million per year!

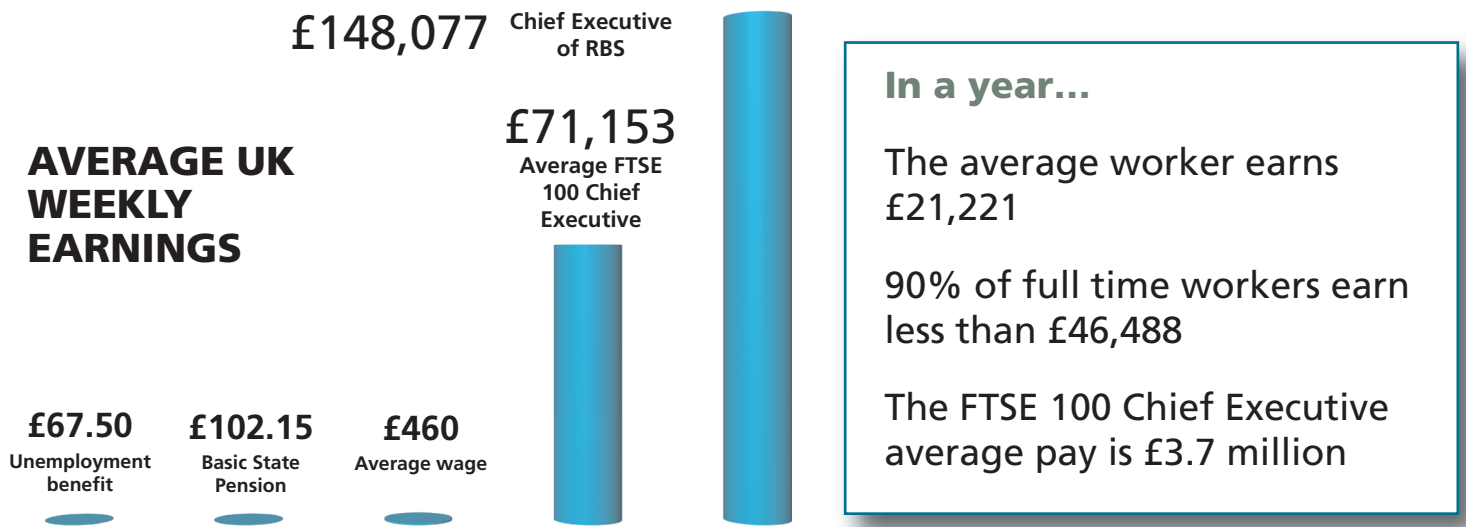


**“George Osborne’s Comprehensive Spending Review is the biggest – and riskiest – macroeconomic experiment undertaken by any advanced country in living memory”**

David Blanchflower  
Professor of Economics and former member of the  
Bank of England’s Monetary Policy Committee

As the economy has grown and we have become a wealthier society overall, less and less of this wealth has been going to those who actually create it through hard work and endeavour, **YOU**.

# ARGUING FOR THE ALTERNATIVE



For many workers facing pay freezes or even pay cuts in the downturn, the effective reduction in disposable income has been significant. For those negotiating annual increases few have kept up with the pace of increasing prices, especially the costs of essential items such as energy, transport, food and clothing.

<b>Average weekly wage 2011 – £460</b> increased by an average of £5 per week in past 12 months	<b>Shopping basket annual inflation</b> increased by £5.35 per week in past 12 months	<b>Gas and Electricity annual costs</b> increased by £1.23 per week in past 12 months
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This has all contributed to making it harder for the majority of hard working people to cover their day to day living costs. This in turn is slowing down our efforts to grow our economy, as spending power is removed from the high street and demand is lowered for goods and services. Addressing the fair distribution of wealth across our society is a key element of the alternative.

The concentration of UK wealth in the hands of very few and their desire to not invest is a major factor in our continuing failure to grow our economy

## Just the usual suspects?

Unite believe that working people should receive a fair wage and that the minimum wage must be a decent living wage. Fair wages for all would not only be socially just and help us build a more equal society it would also help us grow the economy and create further jobs.

When the majority receive extra money in their wages, pensions or benefits they spend this extra money on covering their living costs – all boosting the economy.

The **International Monetary Fund** (IMF) recently said that “increasing the share of a country’s wealth that working people receive in wages would make future financial crises less likely”.

**It’s good economics, it makes sense and we all win – so why wont the government do it?**

## Making the difference

With 22 millionaires and 17 public schoolboys in a cabinet of 29 it is clear to see why the government is not interested in backing working people and improving the lives of the poorest. Cuts to welfare benefits, the refusal to address tax evasion and avoidance and a failure to see the benefits of an industrial strategy of investment in our manufacturing heartlands, creating jobs and economic growth all point towards a government with little knowledge or understanding of the evils of poverty.

It is for the trade union and Labour movement to argue the alternative; a vision of full employment, social justice, dignity at work and in retirement and a fair distribution of the wealth created by working people across society.

**There is an alternative, these are political decisions, not an economic necessity, and we can shape and change those decisions if we choose to do so – by standing together, proud and united, YOU CAN MAKE A DIFFERENCE!**

## Wage and tax justice alternative....

- Close the loopholes that allow the very rich to avoid and/or evade paying their fair share of UK taxation. This is estimated by the Tax Justice Network to be costing the Treasury some £95 billion each year.
- Employ more people to investigate and collect unpaid tax. An estimated £26 billion each year is uncollected while government cuts are slashing jobs at tax offices.
- Reverse the cut in corporation tax – boosting employers profits while leaving the tax burden with the lowest paid is a crime against society.
- Introduce a 'Robin Hood Tax' on all city financial transactions – a tax of 0.1% could raise £4.2 billion each year from those who play the markets for profit.
- Introduce minimum tax rates of 40% and 50% on incomes above £100,000 and £150,000 respectively. It is estimated that this alone would raise £14.9 billion each year.
- Increase the minimum wage of £5.93 (£6.08 from October 2011) to a living wage of £8 an hour, increasing the spending power of the lowest paid, boosting sales and helping to grow our economy.
- Reverse the increase in VAT for all and introduce a higher 25% band for luxury goods.



**It's your money, your job,  
your hospital, your kid's  
future ...**

**Create jobs –  
and build a  
STRONGER  
FUTURE FOR ALL**