

1<sup>st</sup> September 2020

## CWU Submission to BEIS Inquiry: Post-Pandemic Economic Growth

### Introduction

1. The Communication Workers Union (CWU) is the largest union in the communications sector in the UK, representing approximately 192,000 members in the postal, telecoms, financial services and related industries. We are the recognised trade union for all non-managerial employee grades in BT, Royal Mail and Post Office Limited (POL).
2. The CWU welcomes the BEIS inquiry into economic growth after the COVID-19 pandemic. We strongly believe that the recovery from the pandemic represents an opportunity to reset the UK economy, which has long struggled with a series of problems such as regional and economic inequality, poor productivity, a lack of investment, widespread skills shortages and a dramatic rise in precarious, low-paid employment. **This CWU is calling for a new deal for workers with a significant improvement in employment standards and workplace rights so that all workers benefit from a living wage as a minimum, good terms and conditions, job security, a decent floor of rights and the protection of a union.**
3. The majority of CWU members have been designated as key workers who have continued to work throughout the pandemic. However, we also have a significant minority of members who have been furloughed by their employer alongside thousands of members on low pay (receiving less than the real living wage as defined by the Living Wage Foundation). A strong, investment-led recovery will be vital to their living standards and employment prospects moving forward.
4. **The COVID-19 pandemic has highlighted the urgent need for investment in the UK's critical national infrastructure, including its communications infrastructure.** Telecoms and postal networks are essential to keeping the nation connected and supporting economic activity, job creation and growth. **The CWU is calling for a Government commitment to genuinely universal full-fibre broadband access and the continuation of a high quality universal postal network.** We believe the universal postal service should be expanded to support its future financial sustainability and meet additional user needs.

### Background

5. Outlining the pre-existing problems to the UK economy is a helpful starting point in deciding how best the UK should recover from the COVID-19 pandemic. First and foremost, **a steep rise in insecure, low paid employment since the 2008 financial**

**crisis has fuelled growing levels of in-work poverty and economic inequality.**<sup>1</sup> There are nearly 4 million people - or one in nine of the workforce - trapped in precarious work including agency work, zero hours contracts and false self-employment.<sup>2</sup> The number of people on a zero hours contract has soared from 143,000 in 2008 to 974,000 in 2019.<sup>3</sup> Self employment has grown from 3.8 million in 2008 to 5 million today, and studies have shown that one in ten self employed workers (500,000) could be in bogus self-employment.<sup>4</sup> The Government has failed to take any decisive action against the rise of low paid insecure work that has blighted the lives of millions of workers. It is a shameful indictment of Britain's low wage economy that 56 per cent of people in poverty are actually in a working family, compared with 39 per cent 20 years ago.<sup>5</sup>

6. Secondly, **economic growth in the UK has long been predicated on individual consumption and not investment.** As real wages have stagnated over the past 12 years, this consumption-led growth has been fuelled by private debt. TUC analysis of Bank of England data last year showed that household unsecured borrowing has reached record levels, surpassing the previous peak seen just before the financial crisis.<sup>6</sup>
7. Another significant problem is that **the UK economy suffers from serious underinvestment** compared to fellow OECD countries. Figure 1 below shows that this underinvestment has continued for decades, with total public and private investment in 2018 just under 17 per cent of GDP. This places the UK well over 100<sup>th</sup> in the world according to World Bank data. This underinvestment is exacerbated by an overreliance on FIRE sectors (finance, insurance and real estate) that increasingly lend and invests in themselves, and not the real economy. Currently in the UK, only £1 in

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<sup>1</sup> How has inequality changed? The Equality Trust, available at: <https://www.equalitytrust.org.uk/how-has-inequality-changed> and UK income inequality was rising for two years before Covid-19 crisis, Financial Times, 23<sup>rd</sup> June 2019, available at: <https://www.ft.com/content/e8bc8da9-8fb2-4038-a555-5d04931237c6>

<sup>2</sup> Insecure work, TUC, 29 July 2019, accessed at: <https://www.tuc.org.uk/research-analysis/reports/insecure-work>

<sup>3</sup> People in employment on zero hours contracts, Office for National Statistics, 18<sup>th</sup> February 2020, accessed at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts>

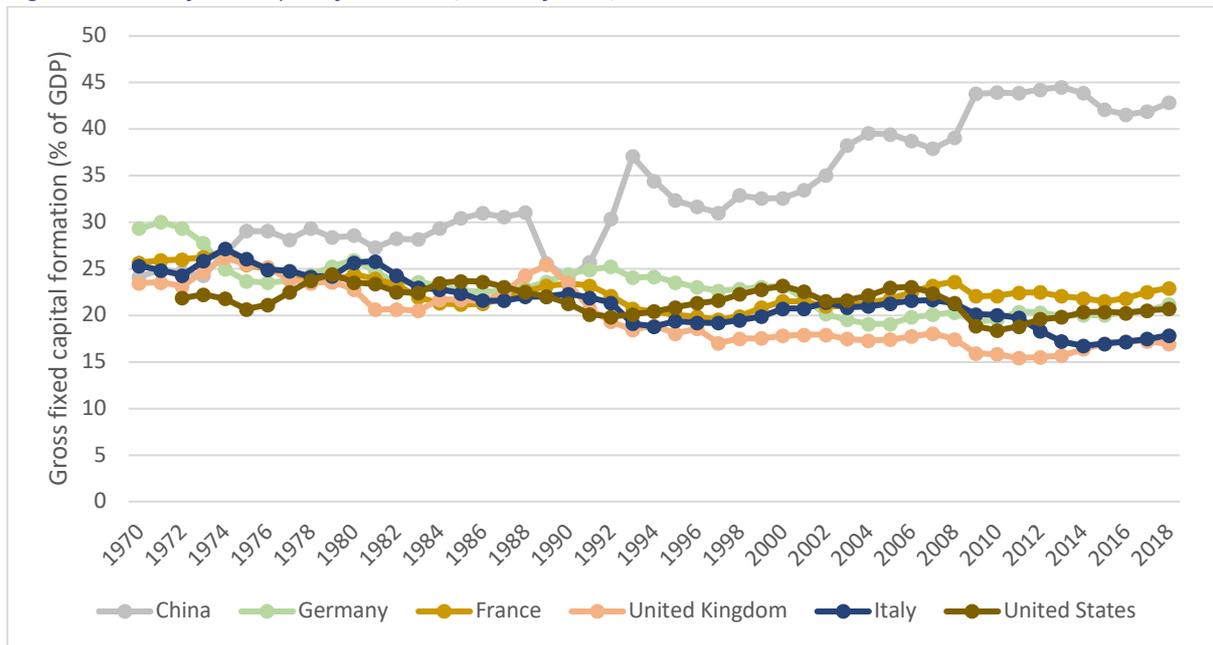
<sup>4</sup> Employees and self-employed by industry, ONS, 19<sup>th</sup> May 2020, accessed at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employeesandselfemployedbyindustryemp14>, and Bogus self-employment costing millions to workers and Government, Citizens Advice, 19<sup>th</sup> August 2015, accessed at: <https://www.citizensadvice.org.uk/about-us/how-citizens-advice-works/media/press-releases/bogus-self-employment-costing-millions-to-workers-and-government/>

<sup>5</sup> Joseph Rowntree Foundation – UK Poverty 2019/20. Available at: <https://www.jrf.org.uk/report/uk-poverty-2019-20>

<sup>6</sup> The TUC – Record household debt shows why workers need a new deal. Available at: <https://www.tuc.org.uk/blogs/record-household-debt-levels-show-why-workers-need-new-deal>

every £10 lent by British banks goes to non-financial firms. Most credit flows into existing property and supports some kind of financial trading.<sup>7</sup>

Figure 1: Gross fixed capital formation, as % of GDP, across select OECD countries<sup>8</sup>



8. The UK suffers from **persistently high levels of economic inequality associated with the decline of trade unions**. Economic inequality in the UK has been shown to hinder poverty reduction<sup>9</sup> and is a serious drag on economic growth<sup>10</sup>. Recent evidence suggests that the UK is one of the most regionally unequal countries in the developed world when it comes to health, jobs, disposable income and productivity.<sup>11</sup> Physical and social infrastructure is also unequally accessible throughout the country. To take just one example, as little as 2 per cent of households in the North East have access to full fibre broadband. The UK average is 10 per cent.<sup>12</sup>
  
9. Finally, **the UK has been far too slow to act on the climate crisis** with the latest figures showing that the UK will miss the goal to cut carbon emissions to ‘net zero’ by 2050.<sup>13</sup> The UK has a role to play in leading the global transition to a green economy and must

<sup>7</sup> Josh Ryan-Collins – Central banks must change course if they are to lead us out of the coronavirus crisis. Available at: <https://www.ucl.ac.uk/news/2020/may/comment-central-banks-must-change-course-if-they-are-lead-us-out-coronavirus-crisis>

<sup>8</sup> World Bank data. Available at: <https://data.worldbank.org/indicator/NE.GDI.FTOT.ZS>

<sup>9</sup> Eleni Karagiannaki – The empirical relationship between income poverty and income inequality in rich and middle income countries. Available at: <http://sticerd.lse.ac.uk/dps/case/cp/casepaper206.pdf>

<sup>10</sup> The IMF – Inequality overhang. Available at: <https://www.imf.org/en/Publications/WP/Issues/2017/03/28/Inequality-Overhang-44774>

<sup>11</sup> The Financial Times – UK’s regional inequality one of the worst in developed world, 27<sup>th</sup> November 2019. Available at: <https://www.ft.com/content/7204c062-1047-11ea-a225-db2f231cfeae>

<sup>12</sup> Common Wealth – Full Fibre Futures. Available at: <https://www.common-wealth.co.uk/reports/full-fibre-futures>

<sup>13</sup> The Financial Times – UK set to miss goal to cut carbon emissions to ‘net zero’ by 2050. Available at: <https://www.ft.com/content/6fb7fce0-ec37-11e9-a240-3b065ef5fc55>

take quicker action to decarbonise as fast as possible. The 2050 target is in itself too slow for many of the countries in the Global South to avoid the worst impacts of the climate crisis and the CWU is on record as supporting much quicker change.<sup>14</sup> Closer to home, the UK has currently been described as one of the “most nature-depleted countries in the world”.<sup>15</sup>

## Key Issues

### What core/guiding principles should the Government adopt/prioritise in its recovery package, and why?

10. **The Government’s guiding principles should be informed by the need to build a fairer, more equal, greener, economy.** This must include swift and effective action to tackle in-work, child and pensioner poverty. It must include new employment protection legislation to end insecure employment and poverty rates of pay, backed up by a genuine commitment to labour market enforcement.
11. The Government must **invest in the UK economy to create new jobs and to address the UK’s severe regional inequality.**<sup>16</sup> The Government should be ensuring the provision of universal affordable access to good public services. This must include a high quality universal postal service and universal access to full fibre broadband which can help to create jobs, boost the economy and reduce carbon emissions. There must also be a recognition that many of the workers we have relied on through the crisis have been woefully underpaid and deserve a pay rise. The Government must put the economy on a sustainable green path. It must also consider the larger structural reforms that are needed to address these things including stronger trade union rights and sectoral bargaining and democratic public ownership of essential services.
12. **The Government’s guiding principles should also be informed by the fact that the COVID-19 pandemic has had a disproportionate economic impact on low-earners.** As Resolution Foundation research has noted: “The lowest earners before the pandemic have lost their jobs at four times the rate of the highest earners (8 per cent compared to 2 per cent), and 18-24-year-olds are twice as likely to have been furloughed or lost their job as those in their forties. People in atypical forms of work, such as agency workers and those on a temporary contract, are much more likely to have lost work than employees in more typical work, as are self-employed workers.”<sup>17</sup> It is also important to note that black, Asian and ethnic minority workers have been

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<sup>14</sup> Labour for a Green New Deal - Delegates vote for Green New Deal embracing ‘socialist alternative’ to climate chaos. Available at: <https://www.labourgnd.uk/news/delegates-vote-for-green-new-deal-embracing-socialist-alternative-to-climate-chaos>

<sup>15</sup> IPPR – This is a crisis. Facing up to the age of environmental breakdown. Available at: <https://www.ippr.org/files/2019-02/risk-and-environment-feb19-summary.pdf>

<sup>16</sup> UK’s regional inequality one of the worst in the developed world, Financial Times, 27<sup>th</sup> November 2019, available at: <https://www.ft.com/content/7204c062-1047-11ea-a225-db2f231cfeae>

<sup>17</sup> Resolution Foundation – The Fully Monty, facing up to the challenge of the labour market crisis. Available at: <https://www.resolutionfoundation.org/app/uploads/2020/06/The-Full-Monty.pdf>

disproportionately impacted by the COVID-19 pandemic and are often over-represented in the lowest-paid sectors and occupations.<sup>18</sup>

13. **The CWU fully supports the TUC's plan and recommendations for a better recovery from the coronavirus pandemic** to create a stronger, fairer economy and to stop mass unemployment.<sup>19</sup> This focuses on an investment for growth approach which means taking action on the following six key areas:

- **Decent work and a fair way of doing business**, including a higher minimum wage and collective bargaining rights.
- **Sustainable industry**, including economic stimulus for a just transition to net zero carbon.
- **A real safety net**, with reforms to social security to provide help faster and prevent poverty.
- **Rebuilding public services**, including decent pay for those who looked after us during the crisis.
- **Equality at work**, ensuring that minority groups do not suffer disproportionately from the impact of the coronavirus recession.
- **Rebuilding internationalism**, with new international rules to prioritise decent jobs and public services for all.

14. The CWU also believes there is much to welcome and support in the recent Report of the Scottish Government's Advisory Group on Economic Recovery. Many of their ten guiding principles should be adopted by the UK Government. Particularly, the following:

- A key role of government is to set the direction for economic recovery;
- We need a focus on a robust and resilient, wellbeing economy;
- We must accelerate action to promote wellbeing and Fair Work and tackle inequality by mitigating the risks of unemployment;
- We must restore employment by prioritising a green investment and education-led recovery, with a prominent role for digital technologies.<sup>20</sup>

Notably, the Scottish Fair Work Action Plan published in 2019 **rewards companies that encourage genuine workforce engagement through trade union recognition.**<sup>21</sup>

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<sup>18</sup> For a fuller explanation of the root causes of these public health inequities see Common Wealth – Reimagining Public Health. Available at:

<sup>19</sup> A Better Recovery, TUC, 20<sup>th</sup> May 2020, available at: <https://www.tuc.org.uk/ABetterRecovery>

<sup>20</sup> Report of the Advisory Group on Economic Recovery – Towards a robust, resilient wellbeing economy for Scotland. Available at: <https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2020/06/towards-robust-resilient-wellbeing-economy-scotland-report-advisory-group-economic-recovery/documents/towards-robust-resilient-wellbeing-economy-scotland/towards-robust-resilient-wellbeing-economy-scotland/govscot%3Adocument/towards-robust-resilient-wellbeing-economy-scotland.pdf>

<sup>21</sup> Scottish Government – Economic Action Plan 2019/20, Fair Work. Available at: <https://economicactionplan.mygov.scot/people/fair-work/>

15. It is concerning, therefore, that the UK Government's own Good Work Plan was missing a central role for trade unions.<sup>22</sup> **Trade unions must have a permanent seat at the table** in determining the labour market policies to guide us out of the COVID-19 pandemic. In this respect, there is much to be said for the TUC's call for a National Recovery Council where government, business and unions co-operate to guide investment and good practice in the future.<sup>23</sup>
16. Finally, it is worth emphasising that **the public health impact of the pandemic and the economic impact cannot be separated from one another**. If the government wants to see a swift recovery, then public confidence in government measures such as test and trace will be absolutely fundamental.

### **How can the Government best retain key skills and reskill and upskill the UK workforce to support the recovery and sustainable growth?**

17. The CWU **fully supports the TUC's call for a Job Guarantee Scheme** with 'reconstruction and recovery panels' set up at regional levels to deliver on local labour market needs.<sup>24</sup> Once again, a similar proposal has been published in Scotland where a job guarantee scheme "should offer secure employment of at least 2 years, to 16-25 year olds, paid at the Living Wage, with access to training, apprenticeships and the possibility of progression."<sup>25</sup>
18. The CWU does not believe that the measures announced by the Chancellor on 8<sup>th</sup> July match the scale of the current crisis. Moreover, **no changes have been made to the rate of statutory sick pay** which are so low many workers are forced to choose between attending work in ill-health or being unable to heat their homes or feed their families.
19. Given the extremely sectoral nature of the current crisis, the Government should adopt a dual approach that simultaneously stems the imminent rise in redundancies in the hardest hit sectors of the economy (hospitality and recreation industries, and part of the retail sector) **while creating jobs via public investment**. An early 2020 survey of 231 economic experts and government officials highlighted five fiscal policies with high potential to combine economic stimulus and a green transition. These were: clean physical infrastructure, building efficiency retrofits, investment in

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<sup>22</sup> UK Government – Good Work Plan. Available at: <https://www.gov.uk/government/publications/good-work-plan>

<sup>23</sup> The TUC – A better recovery. Available at: <https://www.tuc.org.uk/ABetterRecovery>

<sup>24</sup> The TUC – A new plan for jobs, why we need a jobs guarantee. Available at:

<https://www.tuc.org.uk/research-analysis/reports/new-plan-jobs-why-we-need-new-jobs-guarantee>

<sup>25</sup> Report of the Advisory Group on Economic Recovery – Towards a robust, resilient wellbeing economy for Scotland. Available at: <https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2020/06/towards-robust-resilient-wellbeing-economy-scotland-report-advisory-group-economic-recovery/documents/towards-robust-resilient-wellbeing-economy-scotland/towards-robust-resilient-wellbeing-economy-scotland/govscot%3Adocument/towards-robust-resilient-wellbeing-economy-scotland.pdf>

education and training, natural capital investment and clean research and development.<sup>26</sup>

**What opportunities does this provide to reset the economy to drive forward progress on broader Government priorities, including (but not limited to) Net Zero, the UK outside of the EU and the ‘levelling up’ agenda?**

20. In addition to these five demands, the CWU believes that **the current crisis has highlighted the need for long-term investment in broadband network infrastructure.** The UK’s record on full-fibre connectivity is woeful<sup>27</sup> and the current crisis has highlighted the desperate need for upgrades to the network. A recent report for Openreach found that offering full fibre nationwide could allow 400,000 more people to work from home, helping them to avoid the commute and allowing greater choice about where they live. It could also boost UK productivity by £59 billion based on deployment by 2025 and help to bring half a million people back into the workforce by 2038.<sup>28</sup>
21. **There are currently not enough skilled engineers to meet the 2025 target.** BT themselves have stated they would have to hire another 30,000 field engineers to meet the demands stipulated by the 2025 target.<sup>29</sup>
22. Analysis conducted on behalf of the TUC has found that investment in high-speed broadband could generate over 40,000 new jobs.<sup>30</sup> These jobs would naturally be spread around the country and contribute to the Government’s current ‘levelling up’ agenda. This must come with stronger procurement conditions on employment standards with public investment than under current government schemes. As the TUC has highlighted, the contracting out of public services and public procurement has in many cases led to damaging price based competition and a race to the bottom on pay and employment standards. Where public services are commissioned and publicly funded, this must be done in a way that promotes high service delivery and employment standards and be subject to transparency and accountability requirements.<sup>31</sup>
23. A strategy to roll-out full fibre broadband will be incomplete, however, without **work to address the UK’s digital skills gap.** The UK’s essential digital skills framework

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<sup>26</sup> IIPP COVID-19 Briefing Paper 04 – A Green Economic Renewal after the COVID-19 Crisis. Available at: [https://www.ucl.ac.uk/bartlett/public-purpose/sites/public-purpose/files/04\\_-\\_a\\_green\\_economic\\_renewal\\_after\\_the\\_covid-19\\_crisis\\_1.pdf](https://www.ucl.ac.uk/bartlett/public-purpose/sites/public-purpose/files/04_-_a_green_economic_renewal_after_the_covid-19_crisis_1.pdf)

<sup>27</sup> Common Wealth – Full Fibre Futures. Available at: <https://www.ft.com/content/6fb7fce0-ec37-11e9-a240-3b065ef5fc55>

<sup>28</sup> Openreach – Full fibre broadband: A platform for growth. Available at: <https://www.openreach.com/full-fibre-impact>

<sup>29</sup> Telecoms.com - Telco lobby tells BoJo to show his commitment to fibre goals. Available at: <https://telecoms.com/498880/telco-lobby-tells-bojo-to-show-his-commitment-to-fibre-goals/>

<sup>30</sup> The TUC – Rebuilding after the recession, a plan for decent jobs. Available at: <https://www.tuc.org.uk/blogs/rebuilding-after-recession-plan-decent-jobs>

<sup>31</sup> A Better Recovery, TUC, 20<sup>th</sup> May 2020, *ibid*

outlines that 11.3 million people (21%) lack full digital skills, 4.3 million (8%) of whom have no digital basic skills at all. In the labour market, 5.4 million working adults (10%) are without basic digital skills.<sup>32</sup> Upskilling in this area should become a key focus for the government.

24. The current crisis has also highlighted **the importance of a high quality and reliable universal postal service**, both in terms of the delivery network (Royal Mail) and the retail network (Post Office). The pandemic has shown that the UK's national postal service is an essential service, and that it has enormous potential to expand into new areas for the benefit of citizens and consumers, including the delivery of food and medicines, checking on the welfare of vulnerable people, and providing a digital hub (through Post Offices) for those without access to the internet at home.
25. For instance, the CWU has previously published proposals for a state-owned post-bank that provides financial services to customers across the country.<sup>33</sup> Such a service would generate revenues for the Post Office itself as well as Government as the main owner/shareholder. France's *La Banque Postale* and Italy's *Bancoposta* already operate similar services.
26. The crisis should also drive Government efforts to significantly strengthen the Good Work agenda. The latest International Trade Unions Confederation *Global Rights Index* classifies the United Kingdom as a regular violator of workers' rights<sup>34</sup> and the ongoing pandemic has highlighted how **poor working conditions, while already oppressive in and of themselves, are now more visible threats to wider public health**. The ONS's Vivaldi study, for example, showed that UK care homes where agency workers were commonly used, or staff did not receive sick pay suffered from higher levels of infection.<sup>35</sup> Sweatshops in Leicester, where underpayment of the minimum wage is rife, have also been blamed for the recent surge in cases in the area.<sup>36</sup>
27. However, as unemployment rises, the Government must resist the temptation to fall back on the "any job is a good job" mantra that has defined the past couple of years. As *The Marmot Review 10 Years On* report highlighted: "being in work is not an automatic step towards good health and wellbeing; employment can also be detrimental to health and wellbeing and a poor quality or stressful job can be more

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<sup>32</sup> UK Government – Essential digital skills framework. Available at: <https://www.gov.uk/government/publications/essential-digital-skills-framework/essential-digital-skills-framework>

<sup>33</sup> The CWU – A New Public Banking Ecosystem. Available at: <https://labour.org.uk/wp-content/uploads/2019/03/Building-a-new-public-banking-ecosystem.pdf>

<sup>34</sup> ITUC – 2020 ITUC Global Rights Index. Available at: [https://www.ituc-csi.org/IMG/pdf/ituc\\_globalrightsindex\\_2020\\_en.pdf](https://www.ituc-csi.org/IMG/pdf/ituc_globalrightsindex_2020_en.pdf)

<sup>35</sup> ONS – Impact of coronavirus in care homes in England: 26 May to 19 June 2020. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/articles/impactofcoronavirusincarehomesinenglandvivaldi/26mayto19june2020>

<sup>36</sup> The Financial Times – Leicester's dark factories show up a diseased system. Available at: <https://www.ft.com/content/0b26ee5d-4f4f-4d57-a700-ef49038de18c>

damaging to health than being unemployed.” Poor quality work is a major driver of inequalities in physical and mental health.<sup>37</sup>

28. As such, **proper enforcement of worker’s rights and a ban on insecure employment practices** affecting low-paid workers (such as zero-hours contracts and bogus self-employment) is desperately needed. The CWU believes there is a need to grow collective bargaining and trade union membership in order to redress the current imbalance of forces in the world of work. In particular, we have called for government support for the roll-out of sectoral collective bargaining, as outlined by the Institute of Employment Rights, which has long been proven to drive up standards and wages.<sup>38</sup>

### **Whether the government should give a higher priority to environmental goals in future support?**

29. The CWU strongly believes that this crisis should be used to turbo-charge the UK’s decarbonisation programme. The climate crisis represents the largest existential threat to our way of life and must be a top priority for the government. As previously mentioned, the UK is not on track to reach its very modest climate goals and the Government should use the opportunity to invest at historically low costs to speed up progress.
30. Recent research published by IPPR has shown that low carbon, home-related investments (energy efficiency, low-carbon heat and zero carbon social homebuilding) could generate more than 560,000 jobs.<sup>39</sup> While the TUC, in their modelling, have also reached a similar number of new jobs.<sup>40</sup> Trade unions can play a crucial role in reskilling and upskilling workers who are unemployed as a result of the COVID-19 crisis or as a result of the phasing out of dirty industries. It goes without saying that **the involvement of trade unions is absolutely crucial for a just-transition.**<sup>41</sup>
31. The pandemic has also highlighted the need for a properly funded social care system. The current system is failing both citizens and employers. More than half of frontline

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<sup>37</sup> Institute of Health Equity – The Marmot Review, 10 Years On. Available at: <http://www.instituteofhealthequity.org/resources-reports/marmot-review-10-years-on/the-marmot-review-10-years-on-executive-summary.pdf>

<sup>38</sup> Institute of Employment Rights – Rolling out the Manifesto for Labour Law. Available at: <https://www.ier.org.uk/product/rolling-out-manifesto-labour-law/>. See, for example, NEVIN Economic Research Institute – The Impact of Collective Bargaining on Pay in Northern Ireland. Available at: <https://www.nerinstitute.net/research/impact-collective-bargaining-pay-northern-ireland>. Also, the OECD – Good Jobs for All in a Changing World of Work. The OECD Jobs Strategy. Available at: <http://www.oecd.org/employment/jobs-strategy/about/>

<sup>39</sup> IPPR – Transforming the Economy after COVID-19. Available at: <https://www.ippr.org/files/2020-07/transforming-the-economy-after-covid19-july2020.pdf>

<sup>40</sup> The TUC – Rebuilding after the recession, a plan for decent jobs. Available at: <https://www.tuc.org.uk/blogs/rebuilding-after-recession-plan-decent-jobs>

<sup>41</sup> IIPP COVID-19 Briefing Paper 04 – A Green Economic Renewal after the COVID-19 Crisis. Available at: [https://www.ucl.ac.uk/bartlett/public-purpose/sites/public-purpose/files/04\\_-\\_a\\_green\\_economic\\_renewal\\_after\\_the\\_covid-19\\_crisis\\_1.pdf](https://www.ucl.ac.uk/bartlett/public-purpose/sites/public-purpose/files/04_-_a_green_economic_renewal_after_the_covid-19_crisis_1.pdf)

carers throughout the pandemic were (and continue to be) paid less than the living wage<sup>42</sup> while 24 per cent of people who needed care in England in 2018 went without.<sup>43</sup>

32. Notably, **the scale of investment needed to meet the challenges of the climate crisis extend way beyond the amounts announced by the UK government.** The green investment packages announced by the Chancellor on 8<sup>th</sup> July amount to just £3.1 billion (£1.1 billion on public sector and social housing decarbonisation and £2 billion on the Green Homes Grant)<sup>44</sup>. The German government, for instance, has committed £36 billion to sustainable investments such as renewable energy and electric vehicles.<sup>45</sup> The UK should seek to phase out its remaining fossil fuels subsidies immediately and focus on subsidising renewable energy and job retraining.<sup>46</sup>

### **What role might Government play as a shareholder or investor in businesses post-pandemic and how this should be governed, actioned and held to account?**

33. The CWU believes that the Government should pivot away from providing support for individual businesses via loans and grants, and instead take up equity stakes in businesses in order to incentivise better corporate behaviour. As the TUC have outlined, these would enable Government to only provide support to businesses that:

- Set out a fair play plan, curbing excessive executive pay and paying all workers, including those indirectly employed, the real living wage
- Pay corporation tax in the UK
- Promote decent jobs, with trade union recognition.<sup>47</sup>

34. Many European countries have attached stringent conditions on their support for the aviation sector, for instance, whereas the UK government has continued to provide unconditional support. EasyJet, for instance, received £600 million liquidity from the Bank of England while just the previous month paying out £174 million in dividends.<sup>48</sup>  
**This approach should not continue as the recovery takes shape.**

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<sup>42</sup> Resolution Foundation – What happens after the clapping finishes? Available at:

<https://www.resolutionfoundation.org/app/uploads/2020/04/Care-workers-spotlight.pdf>

<sup>43</sup> Resolution Foundation – The Fully Monty, facing up to the challenge of the labour market crisis. Available at:

<https://www.resolutionfoundation.org/app/uploads/2020/06/The-Full-Monty.pdf>

<sup>44</sup> UK Government – Rishi’s Plan for Jobs will help Britain bounce back. Available at:

<https://www.gov.uk/government/news/rishis-plan-for-jobs-will-help-britain-bounce-back>

<sup>45</sup> World Economic Forum – Billions for sustainable investments, Germany’s plan for a green recovery.

Available at: <https://www.weforum.org/agenda/2020/07/germany-green-recovery-billions-sustainable-investments/>

<sup>46</sup> Overseas Development Institute – Fossil fuel subsidies in draft EU National Emergency and Climate Plans.

Available at: <https://www.odi.org/sites/odi.org.uk/files/resource-documents/12895.pdf>

<sup>47</sup> The TUC – Rebuilding after the recession, a plan for decent jobs. Available at:

<https://www.tuc.org.uk/blogs/rebuilding-after-recession-plan-decent-jobs>

<sup>48</sup> BEIS Select Committee – Post Pandemic Growth Inquiry, oral evidence. Available at:

<https://committees.parliament.uk/event/1410/formal-meeting-oral-evidence-session/>

**Is the Industrial Strategy still a relevant and appropriate vehicle through which to deliver post pandemic growth?**

35. Yes, the CWU strongly believes that the Industrial Strategy is a relevant vehicle to promote post-pandemic growth. The Industrial Strategy published under the May Government was already the third iteration of the strategy since the turn of the century. A period of continuity is needed, with genuine participation and influence from stakeholders outside of government such as the trade unions. In particular, the CWU is willing to co-operate and assist with the Government's approach to a number of the 'Grand Challenges'.

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