

**GMB**

**CONGRESS 2011**

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**SIS. MARY TURNER MBE**  
**(President)**  
**(In the Chair)**  
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Held in:

**The Brighton Centre,**  
**Brighton**

on:

**Sunday, 5<sup>th</sup> June 2011**  
**Monday, 6<sup>th</sup> June 2011**  
**Tuesday, 7<sup>th</sup> June 2011**  
and  
**Wednesday, 8<sup>th</sup> June 2011**

.....  
**PROCEEDINGS**  
**DAY TWO**  
**(Monday, 6<sup>th</sup> June 2011)**  
.....

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## SECOND DAY'S PROCEEDINGS

MONDAY 6<sup>TH</sup> JUNE 2011

### MORNING SESSION

*(Congress assembled at 9.30 a.m.)*

THE PRESIDENT: Will everyone come to order, please. I know most of you had a heavy night but now it is all work and no play. Good morning, worthy president!

Congress, just a reminder that if you have a question on the Balance Sheet and Auditor's Report you need to put it in writing to the Congress office no later than 5.30 today.

I now call Helen Johnson to move Standing Orders Committee Report No.4. Helen.

#### STANDING ORDERS REPORT NO. 4.

*(Adopted)*

SIS. H. JOHNSON (Chair, Standing Orders Committee): Emergency Motions: the SOC has accepted a further Emergency Motion as being in order for debate. This is Emergency Motion No.4, Fukushima Disaster, standing in the name of Northern Region. The SOC is recommending that this be heard on Wednesday morning.

DVDs: the SOC has given permission for a series of photographic stills to be shown during the presentation by Maggie Hughes of the PEDD Campaign later this morning. President, Congress, I move SOC Report No. 4.

THE PRESIDENT: Thank you, Helen. It is good to hear you have a nice voice this morning; makes a change from me. Does anyone have any questions on the report? No? Agree to accept it? *(Agreed)* Thank you. Thank you, Helen. Thank you, Barry.

*Standing Orders Committee Report No. 4 was ADOPTED.*

THE PRESIDENT: The order of business for a little while will be Motion 101, Midland Region, Terms and Conditions, Motion 102, Future Job Funding, London Region, and Motion 103, Enterprise Partnerships (LEPS), Northern Region.

### **EMPLOYMENT POLICY: GENERAL TERMS AND CONDITIONS MOTION 101**

#### **101. TERMS AND CONDITIONS**

This Congress instructs the National Officers of the GMB to launch a campaign highlighting the attacks being waged on the terms and conditions of the lowest paid, most vulnerable sections of our communities. It calls for a nationally co-ordinated campaign to be targeted at both private and public sector employers in defence of terms and conditions that have been fought for and achieved over many years of struggle.

*(Carried)*

BRO. N. WARE (Midland & East Coast): President, Congress, first-time delegate, first-time speaker. *(Applause)* As a public sector worker I have seen from the sharp end the plans this Tory Government have in store in their comprehensive spending review, with tens of millions of pounds being slashed off the City Council's budget of their finances. This has resulted in over 1,000 jobs being lost from the Council and the resulting devastation that has had on local services, services that were provided to the most vulnerable and the most in need in our community have been slashed. Services such as Sure Start supporting young families are decimated. Connections, what I knew in the past as career services that helped young people into work, into training, into further education, no longer exists in the City of Hull. The list is endless. Social services, education, environmental services, every service has been slashed. No frontline service has been left unaffected. Those workers still lucky enough to have jobs are seeing hours reduced, their grades pushed down, and hard-won benefits have been eroded and taken away. The cuts they are experiencing are at a time when inflation is running at over 5%, when their wages have been frozen for over two years resulting in many working families being forced into poverty. In fact, the only visible growth area in Hull is that of pawn shops and the like, companies profiting out of the misery of workers.

The end is not yet over, in fact it has only just begun with the Localism Bill on the agenda, and further attacks on public services are definitely on the agenda. We as a trade union must build a campaign. We must get into every corner of every workplace. We have to target specific groups with our own propaganda, our own information countering the lies spewed out by the Tory press. We have to find new ways of organising that allows part-time workers, allows women workers, allows workers from different ethnic groups, the ability to get involved, to attend, and become part of our organisation. We have to build our own big society based on need, not greed, putting people before profits. Congress, I urge you to support. *(Applause)*

SIS. A. MARTIN (Midland & East Coast): First-time delegate to Congress, first-time speaker. *(Applause)* President, Congress, this ConDem Government and their friends in big businesses are increasingly attacking the terms and conditions of many of the lowest paid and most vulnerable workers in our society. I work for one of the largest multinational high street stores and I witness on a daily basis the increasing cost in the basic living needs. The cost of the shopping that goes through the tills where I work continues to rise while pay-packets of workers fall further and further behind. New workers are given contracts of a few measly hours yet are expected to work many more hours to suit the needs of the company. What this means is these part-time workers fall short of hours needed to access many benefits of full-time workers, such as pay and holidays. These staff are paid on contractual hours so many regularly work 30 hours-plus yet when it comes to national holiday leave they only get four, five, or six hours' pay. These working shifts are manipulated to ensure they do not qualify for paid breaks. It is vital that the GMB is at the forefront of a national campaign highlighting the benefits of being part of the trade union can bring. *(Applause)*

## **FUTURE JOB FUNDING MOTION 102**

### **102. FUTURE JOB FUNDING**

This Congress deplores yet another U-turn by this Government.

The Coalition Government have announced that as part of its efficiency savings that the future jobs fund is not to be continued from March 2011.

In March last (2010) year, David Cameron was reported to say it was “a good scheme” and in April the Lib-Dems stated they had “no plans to change or reduce the scheme”.

Both parties in this Coalition have back tracked and broken their promise.

Congress therefore calls for this union to put pressure on the Government for the reinstatement of the Future Jobs funding to bring hope back to 16-24 year olds not in employment or training.

HAVERING BRANCH  
*London Region*

*(Carried)*

SIS. W. WHITTINGTON (London): Good morning. Some of you that are old enough may remember that in the 1970s we had the Youth Training Scheme and in the 1980s we had the Youth Opportunities Scheme. Okay, so they were not perfect and they had their critics but I bet in your workplace there will be at least one person who came through those schemes and is still around today. In March last year, 2010, David Cameron was reported as saying that the Future Job Fund was, “a good scheme”. In that same year, in April, a LibDem MP wrote they had no plans to change or reduce the scheme. What a difference a month or two makes. Guess what: more broken promises. In May of the same year the newly formed ConDem Government announced as part of their efficiency savings that they were not going to continue with the scheme and no more bids were going to be accepted as it was too expensive and the results were not too good, bearing in mind that it had only been operational for six months at that time.

Future Job Funds were never intended to provide permanent employment. They were transitional jobs which provided young people with real work experiences, training, a reference, increased skills, motivation, and confidence, which hopefully led to increased chances of finding or being offered a permanent position compared to if they had spent the last six months unemployed. It gave them hope. Many young people that were part of last year’s intake are now employed by the companies that took them on through the Future Job Fund. Last December’s figures show that one in five, that is, around one million 16-24 year olds, are not in employment, training, or education. This figure obviously does not include those young people who are employed in jobs that are on zero or 12-hour week contracts in supermarkets and fast food chains. They are too proud to add their name to the statistics. It has been proved that the longer a young person spends out of the labour market it will lower their chances of eventually moving into a job.

In February this year Vince Cable, Business Secretary, was a guest on BBC Question Time which was live from Barking. A young person in the audience asked him a

question about 16-24 year olds that were unemployed. It was an outrage when he implied that a large number of these young people are from generations of worklessness. I say get real, Cable. These are young people from all backgrounds, many with several A-levels and degrees. They are our families and friends, and they are struggling to find employment. Only this week I was speaking to a young man working a few hours a week in a well-known DIY store; it was not the orange one. When I asked him how he got the job as I had never seen any positions advertised, he told me that he had had to work there as a volunteer for two months first.

So, with all this in mind I am asking you to support this motion and ask the CEC to put pressure on the current government to reinstate the Future Job Funds for 16-24 year olds, which will not only boost their own prospects but can be a real catalyst for creation of new wealth, and which can only help to boost the economy of this country. I move. *(Applause)*

BRO. C. KERR (London): Congress, this motion just proves that this Government cannot be trusted, U-turn after U-turn. With youth unemployment now at its highest level since records began, will the Prime Minister reconsider his decision to scrap the Future Job Fund? I would not hold my breath on that one. Cameron said he did not support the initiative established by Labour in 2009 to provide placements for young people classed as long-term unemployed but added his government would announce alternative proposals.

It is all very well Cameron saying he will develop an alternative scheme but words are not enough. His Government's inaction combined with his decision to reverse measures introduced by the previous government is already causing damage. Youth unemployment is at nearly one million, the highest level since comparable records began in 1992. If Government complacency continues, disregarding the wellbeing of young people and giving them no hope for the future we will suffer for years to come. Please support Motion 102. I second. *(Applause)*

## **ENTERPRISE PARTNERSHIPS (LEPs) MOTION 103**

### **103. ENTERPRISE PARTNERSHIPS (LEPs)**

This Congress calls on Local Enterprise Partnerships (LEPs) to open their doors to proper dialogue and engagement with trade unions as part of the decision-making and lobbying process. Congress believes that too many of these LEPs are simply unaccountable talking shops and lack real leadership in local communities to ensure prosperity for all. Congress calls on LEPs to be more accountable to local communities, including full engagement with trade unions.

SUNDERLAND CITY LA BRANCH  
*Northern Region*

*(Carried)*

SIS. A. BRYAN (Northern): Congress, Local Enterprise Partnerships, known as LEPs, is the Tory-led Coalition Government's approach to regeneration. These LEPs are replacing the eight Regional Development Agencies. The reason the Coalition want to get rid of the Regional Development Agencies is disgraceful. It speaks volumes for the Tory and LibDem approach, which is to set individual communities

against each other. The LEPs the Government are trying to set up are business-led. Our experience is that in the case of One North East, our Regional Development Agency, the trade unions were integral to helping regeneration, local councils working together with business and the trade unions at a regional level to bring in finance and projects that would enhance employment, regeneration, and income levels. One North East had many, many successes. The Tory-LibDem approach is to direct the LEPs to be business-led. Trade unions are no longer regarded as a social partner but as an add-on. LEPs must become more accountable to local people through the ballot box. Local councils must in turn involve the trade unions otherwise these LEPs will not work. Congress, if LEPs do not have that democratic accountability and do not engage trade unions they should be scrapped. We should also be watching Labour councillors, and especially those that fly under the GMB flag, to see how they act. Congress, if they do keep us out of the LEPs they should be judged by us accordingly. Please support this motion. I move.

SIS. L. AVERILL (Northern): President, Congress, in supporting the mover I would like to give you a flavour of our experiences in the Northern Region of LEPs. There have been several bids for LEP status in the region and so far only one seems to be going ahead. The Tory-led Coalition Government through the regional growth is forcing communities to bid for money, yet government cuts mean that there are too many bids chasing less money. In part of the Northern Region the chair of the regional growth is Sir Ian Wrigglesworth. Remember Sir Ian, he was the Labour MP turned Social Democrat (in the 1980s) turned businessman. He recently said that the North is too much involved in the public sector and that the private sector needs to take a bigger role. Congress, what planet are these people on? So much for this Government's flagship regeneration policy: yet again Tories and LibDems do not understand us in the Northern Region. Congress, we need LEPs if they are serious about employment, communities, and raising income levels to engage workers and the trade unions; if not, they will fail. I would ask for your support. I second. *(Applause)*

THE PRESIDENT: Thank you, Lynne. Congress, does anyone wish to come in on the debate? No? Thank you. Can I move 101, 102, and 103, they are all being supported by the CEC. All those in favour please show? Anyone against? They are carried. Thank you. Congress, our guest is a little bit late so I will now move to Composite 8 from the manufacturing debate and then move to Emergency Motion 3.

*Motion 101 was CARRIED*

*Motion 102 was CARRIED*

*Motion 103 was CARRIED*

## **INDUSTRIAL & ECONOMIC POLICY: MANUFACTURING**

### **UK MANUFACTURING STRATEGY**

#### **COMPOSITE 8**

*(Covering Motions 114, 115 and 116)*

114. GOVERNMENT MANUFACTURING STRATEGY *(South Western Region)*

115. RECESSION AND UK MANUFACTURING *(Southern Region)*

116. GLOBALISATION *(Northern Region)*

## **UK MANUFACTURING STRATEGY**

The present government is determined to reduce the public sector and this will result in many job losses. The government believes that these job losses will be replaced by new jobs in the private sector, although many commentators believe that this will not happen while the country is still in recession

Many commentators from the left and right believe that the only way out of this recession is to strengthen the UK Manufacturing sector. To do this will require a positive attitude towards the sector, one that this government is yet to show. In fact at its first opportunity it showed the opposite by withdrawing the Labour government's promised loan to Sheffield Forge Master.

This Congress believes that the UK Government should wake up to the fact that in allowing Manufacturing Industries to wither on the vine and adopting a laissez faire policy has proven to be a total failure. With the banks still very cautious or unwilling to invest in this sector, the growth this Government is expecting in the Manufacturing Industry has little or no chance of improving.

Congress is firmly of the view that the CEC should continue to campaign for a Government Manufacturing Strategy that would reverse the decline in the Manufacturing Section, which was once the main stay and important part of the British economy, which is now in dire need of resuscitation.

In Britain we pride ourselves on playing by the rules, when other countries pay lip service to them. In the EU, and in other parts of the world, governments give financial and other support to ensure that their manufacturing industries thrive.

This Congress now calls upon the Coalition Government to widen support to produce the growth required to create much needed employment and sustain jobs. Congress, therefore, calls for a Promote British Manufacturing Policy to be a fundamental part of government policy and the Whitehall machine.

Congress calls Government to challenge the forces of globalisation by implementing a policy of financial support and assistance to manufacturing.

*(Carried)*

**BRO. L. WOODWARD** (South Western): Madam President, Congress, proud Remploy worker moving Composite 8, Government Manufacturing Strategy. Colleagues, for far too long manufacturing was regarded as a dirty and out of date sector by Tory governments. Over the last decade Labour has shown time and time again its commitment to manufacturing and the vital role it must play as the backbone of the British economy. This Congress believes that the present UK Government should wake up to the fact that manufacturing cannot be allowed to wither and die on the vine. Now is the time to review and renew our commitment to the manufacturing sector. This will mean asking questions about what manufacturing will look like in the UK in the next five, 10, and 20 years. We should quite rightly fight for every job and work together to make our industries as competitive as possible but our strategy for manufacturing must be more than just reacting to announcements of job losses. To be successful in the future the UK Government needs a dynamic, innovative, and diverse manufacturing base. It needs continued investment in skills, renewed

emphasis on value added production, a focus on expansion both at home and abroad, and a robust procurement policy which encourages local sourcing from the public sector. Companies need access to a highly skilled workforce and must look at ways to strengthen the links between our universities, colleges, skills academies, trade unions, and industry. Alongside this apprenticeships must be given continued support and become both a gateway to employment in industries and access to continued and long life learning.

A crucial sector for growth in the future will be in the renewable and low carbon industries, in so-called green collar jobs. As this sector grows both in response to the challenge of climate change and the need for greater domestic energy security, so must our readiness to make and attract new investment in this area. There is a significant potential for new job growth in this sector. For far too long manufacturing and in most cases whole industries have been moved offshore leaving highly skilled workers without gainful employment.

The two great super powers of the future, China and India, are competing both for low age and low skilled industries but they have highly skilled science-driven sectors. Every year India and China produce five million university graduates, two-thirds of them in science, technology, and ICT. We believe that this Government strategy should include investment in university graduates to produce expertise in these areas.

This Congress believes that there is a huge market for British goods, not only in the UK but worldwide, and therefore calls upon the UK Government to devise and develop a robust and sound manufacturing strategy which is vital to create much needed jobs and growth, and also to sustain employment in this vital sector. Congress calls upon the CEC to continue its campaign for a government manufacturing strategy. I move. Thank you very much. (*Applause*)

SIS. N. JACKSON-AMPAW (Southern): First-time delegate, first-time speaker. (*Applause*) President, Congress, since the 19<sup>th</sup> century manufacturing has formed an important part of the UK economy, in fact Britain's economy was built on the Industrial Revolution and manufacturing. This made us rich enough to invest in other parts of the economy, train workers, and give skills to many. This continued through the 20<sup>th</sup> century until the Thatcher Government of the 1980s. They decided that manufacturing was old technology, dirty, and union-dominated and the finance and service sectors were the way forward. They allowed great companies to go to the wall and factories closed throughout the UK. We all hoped that when New Labour was elected in 1997 they would stop the rot. Well, at least they slowed the decline but they were just as happy to rely on finance, banking, IT, and the service sector. Only when the banking crisis occurred did they recognise the importance of UK manufacturing to the economy, to jobs and training; unfortunately, too little too late to save them from electoral defeat at the last election.

We now have a coalition or, as I prefer, a right-wing Tory Government, bent on destroying the public sector, but even they and their right-wing friends have recognised the importance of the manufacturing sector. They tell us the new jobs will be in the private and manufacturing sector yet they cannot change their ways. They were drawing in the loan, yes, a loan, not a grant, from Sheffield Forgemasters in their first weeks of government. I ask you, Congress, which European country has fared



best in the current economic crisis: Germany, of course, the one European country that recognises the importance of manufacturing and its link to the rest of the economy.

What has kept the UK out of a double-dip recession? It is the revival of manufacturing. If manufacturing is going to be the driver of the UK economy again, then it is important that the GMB is part of it. We must transform and fully resource the GMB manufacturing section enabling it to recruit and retain existing and new GMB members in manufacturing. Please support the motion. (*Applause*)

THE PRESIDENT: Thank you, Nana. Northern Region? Is there anyone else who wishes to come into the debate?

BRO. T. WINTER (Northern): Congress, our manufacturing base has become a pale shadow of its past glory days. Former Labour ministers say we should not talk about globalisation, we should embrace it. Well, if you believe the MPs who accepted the consensus from 1979 to 2008 we have to face up to being a service economy. The biggest thing we had going for us was the City of London. Congress, in the 1980s we were told that we could not rely on heavy industries any more. We had all our eggs in one basket. What is the difference between that logic and saying we have to be a service-based economy? Therefore, we need government to promote British manufacturing. We should stop pussyfooting around and allowing our competitors to look after manufacturing while we play by the rules. Other countries promote their manufacturing industry. They ensure that their domestic policies prevent speculators buying up companies. They have a different social model. In France and Germany they look after their industries. Their workers are protected by government against foreign companies. In the UK successive governments have left things to the market. If you listen to the former ministers you would think it was inevitable that other countries are able to develop a manufacturing base at the expense of ours. Congress, if the political will is there to support British manufacturing, if the will is there to invest in skills, if the will is there to buy our manufacturing products, then we can ensure that UK manufacturing will recover. On that note, Congress, I support. (*Applause*)

THE PRESIDENT: Thank you, Tony. Congress, we are accepting the Composite. All those in favour please show? Anyone against? That is carried.

*Composite 8 was CARRIED.*

THE PRESIDENT: Okay, Helen, away you go, moving Emergency Motion 3.

**THE SCANDAL OF CARE AND THE CROSS WE HAVE TO BEAR – SOUTHERN CROSS HEALTHCARE AND THE DISGRACE OF THE CARE INDUSTRY**

**EMERGENCY MOTION NO. 3**

**THE SCANDAL OF CARE AND THE CROSS WE HAVE TO BEAR - SOUTHERN CROSS HEALTHCARE AND THE DISGRACE OF THE CARE INDUSTRY**

CONGRESS IS SICKENED BY THE ABUSE UNCOVERED BY PANORAMA AT THE CASTLEBECK OWNED WINTERBOURNE VIEW CARE HOME IN BRISTOL WHOSE VICTIMS ARE SOME OF THE MOST VULNERABLE IN OUR SOCIETY: THE LEARNING DISABLED, THE AUTISTIC, THE SUICIDAL.

CONGRESS DEPLORES THE FACT THAT IN 21<sup>ST</sup> CENTURY BRITAIN OUR ELDERLY, VULNERABLE AND MOST DEPENDANT ARE SO UNDERVALUED THAT THEY ARE LEFT AT THE MERCY OF BIG BUSINESS AND THE PRIVATE SECTOR WHERE COST AND SHAREHOLDER PROFIT TAKE PRECEDENCE OVER THE CARE, PROTECTION AND SECURITY OF THOSE LEAST ABLE TO DEFEND THEMSELVES.

CONGRESS OBSERVES THAT GMB HAS LONG CAMPAIGNED FOR A UNIVERSAL NATIONAL SOCIAL CARE SERVICE FUNDED THROUGH TAXATION.

CONGRESS NOTES WITH ALARM THE 20<sup>TH</sup> MAY STATEMENT FROM SOUTHERN CROSS HEALTHCARE THAT *"IF SOUTHERN CROSS DOES NOT REACH AGREEMENT WITH ITS LANDLORDS AND LENDERS THE GROUP IS UNLIKELY TO BE ABLE TO CONTINUE TO TRADE"*, MEANING HUGE UNCERTAINTY OVER THE FUTURE FOR THE 31,000 RESIDENTS IN 753 CARE HOMES ALL OVER THE UK SHOULD THE WORST HAPPEN AND HOMES BE FORCED TO CLOSE. FOR MORE THAN 18 MONTHS THE GMB HAS CAMPAIGNED TO HIGHLIGHT SOUTHERN CROSS'S UNSUSTAINABLE BUSINESS MODEL AND TO EXPOSE THE ABOVE MARKET RENTS THAT HAVE SEEN £100M A YEAR OF LARGELY PUBLIC MONEY, MEANT FOR CARE OF THE ELDERLY AND VULNERABLE, GO TO LANDLORDS LIKE THE QIA (QATARI INVESTMENT AUTHORITY).

CONGRESS DEPLORES THE PERPETUAL UNCERTAINTY AND WORRY SUFFERED BY THE ELDERLY AND VULNERABLE RESIDENTS, THOSE LEAST ABLE TO DEFEND AND PROTECT THEMSELVES, FEARFUL OF LOSING THEIR HOMES OR BEING FORCED TO MOVE WITH THE KNOWN RISKS OF PREMATURE DEATH.

CONGRESS IS AWARE THAT THE PRIME MINISTER SAID ON 16<sup>TH</sup> MARCH THAT GOVERNMENT WAS WATCHING THE SOUTHERN CROSS SITUATION AND PROMISED ACTION BUT SINCE THEN THE COMPANY HAS GONE INTO CRISIS WHILE GOVERNMENT HAS DONE NOTHING. CONGRESS QUESTIONS IF PRIVATE EQUITY AND THE PRIVATE SECTOR ARE PLACES FIT FOR THE CARE OF OUR ELDERLY, OUR MOST VULNERABLE AND OUR MOST DEPENDANT?

CONGRESS AGREES THAT:

1. IT IS TIME FOR A FRESH START AND A DIFFERENT SOCIAL CARE MODEL, AND DEMANDS THAT GOVERNMENT INTRODUCES A NEW STANDARD OF CARE, SUFFICIENTLY FUNDED AND RESOURCED, SO THAT OUR ELDERLY AND VULNERABLE - WHO HAVE SERVED AND

WORKED FOR THIS COUNTRY - ARE CARED FOR WITH DIGNITY, RESPECT AND IN SAFETY.

2. THE UNCERTAINTY OVER SOUTHERN CROSS MUST BE LIFTED IMMEDIATELY AND DEMANDS THAT GOVERNMENT OFFERS SUFFICIENT SUPPORT TO ENSURE SOUTHERN CROSS DOES NOT FAIL, SO THAT THE WORRIES OF THE 31,000 RESIDENTS AND THEIR FAMILIES AND THE 44,000 STAFF ARE EASED. TO THAT END THE QUESTION MUST BE ANSWERED: WHO HAS THE ULTIMATE RESPONSIBILITY FOR THE 31,000 ELDERLY AND VULNERABLE RESIDENTS AND WHO HAS THE POWER TO END THE UNCERTAINTY FOR THEM AND THEIR FAMILIES? GOVERNMENT MUST IMMEDIATELY APPOINT A CABINET MINISTER CHARGED WITH ENSURING A CONTINUITY OF CARE FOR THE 31,000 RESIDENTS OF SOUTHERN CROSS AND, GUARANTEEING THAT NO HOMES CLOSE AND NO RESIDENT IS TURNED OUT OR FORCED TO MOVE AGAINST THEIR WILL.
3. THE 753 CARE HOMES RUN BY SOUTHERN CROSS ARE NOT FACTORIES THAT ARE FAILING FROM LACK OF DEMAND BUT ARE AN ESSENTIAL PART OF EVERY COMMUNITY WHICH NOW FACE RUIN DUE TO THE TOXIC COMBINATION OF PRIVATISATION AND PRIVATE EQUITY GREED.

#### **CENTRAL EXECUTIVE COUNCIL**

*(Carried)*

SIS. H. EWAN (Midland & East Coast): President, Congress, I work for Southern Cross as a senior worker at nights in a care home in Mansfield. I have worked there for many years and over the past few years things have gone from bad to worse. Morale is at rock bottom. We used to have time to care for residents, now we have none. Our wages are pence above the minimum wage. We are continually running short-staffed, we are overworked, and we are getting tired and stressed. We are continually being blackmailed into covering shifts. Managers say, "If you don't cover shifts the residents will suffer," and because we feel guilty so we stay long hours, not because we care about the company, not because we care about all the cost and paperwork, but because we care for our residents.

I was on a shift one day when a resident collapsed and I started to give CPR whilst shouting for help and carrying on until the paramedics arrived. The manager came in not overly concerned about the residents; all she was worried about was the paperwork. Staff are trying to calm terrified residents telling them they are okay and are continually being asked questions by relatives that they cannot answer, not because they do not want to answer but they do not have a clue themselves. They are terrified that they will not have a job and just terrified of what is going to happen to the residents in the homes that do shut, and they are moved. We are frightened that it will kill the residents. We have seen this happen before. We do not want to see this happen again.

When the elderly come to us it is normally the last time they expect to move. It is the last home they will have and the last friends they will be with. We are the people to care for them and give them TLC. They have worked all their lives and given everything both to family and country, so with what little time they have left they deserve some security. They do not deserve to be torn apart from families and friends. They count on us as family because we are there for them day and night. We do not care who owns the homes as long as somebody sorts out the mess and the residents are safeguarded.

I spend too much time at funerals and do not want to go to mass funerals, which is going to happen if Southern Cross goes under. There is nobody there to pick up the pieces. Every time we lose a resident it hurts and it feels like we have lost a member of the family and one special friend. We care for them no matter what. We look forward to going on to our shifts, but we cannot get attached we are told. How can you not get attached when you are seeing to these people's needs every day? When they are down we cheer them up and when they laugh we laugh with them. What is going to happen to them, who is going to look after them?

Congress, we need to do something. I do not want to go to loads of funerals, it hurts too much. Do we just stand by and watch them destroy everything? They have mergers, big buyouts, directors have come and gone and made millions from the shares options. We have standards: CSCIs (Commission of Social Care Inspections) and we have the QSC, (Quality Standards Commission). We have gone from monitoring staff levels to what we can get away with, what staffing levels we can get away with. Nobody has got it right. That is because our residents have no cash to pick up in the economy. We are told they are a drain on the country's resources, they are too old and feeble, and they cannot fight. Well, somebody has to fight, somebody has to care: so much for the big society. They have paid their dues all their lives, isn't it time the country now looks after them? We are not asking for much, we are only asking for what we owe our old people. Congress, please support this motion. I move. *(Standing ovation)*

THE PRESIDENT: Helen, thank you. You have done a magnificent job. Well done. Can I now ask Justin Bowden to second?

BRO. J. BOWDEN (National Office): In 21<sup>st</sup> century Britain the learning disabled, the autistic and the suicidal, the most vulnerable people in our society we see on prime time television being beaten and abused in the one place that they should feel safe, their home. In 21<sup>st</sup> century Britain Southern Cross Healthcare, the largest care home provider in the country brought to the brink of bankruptcy and collapse by the toxic combination of privatisation and private equity greed. 21<sup>st</sup> century Britain, the big society disgrace where profit comes before people and where the fate of 31,000 vulnerable residents in 753 Southern Cross care homes hangs in the balance.

This was all so predictable. We can say, we told you so, and we did. For nearly two years GMB was warning that the business model used in the private care sector was unsustainable, the product of a culture of greed and gullibility that has dominated the financial markets since they were deregulated during the Thatcher years. In 2006, Southern Cross was floated on the London Stock Exchange alongside the lethal sale and leaseback model that separated the ownership of the homes from the care of the

elderly; profit was put before people. Back then Southern Cross was the darling of the City and New Labour alike, lauded as the epitome of how the private sector could run things better and cheaper. Today the Southern Cross brand is as dead as a Norwegian Blue. In fact, if anyone here wants to lose a tenner, I bet you that before long they will change the name but changing the name will not change the game. It is the game that has to change and the time now is long overdue for a new standard of care, a standard of care sufficiently funded and resourced from taxation that guarantees all our elderly and vulnerable, those who have served and worked for this country all their lives, are cared for safely and with dignity and respect.

What about Southern Cross right now? When will the question be answered, who has the ultimate responsibility for the 31,000 residents and their families, and the 43,000 staff? Why must they continue to be pawns in some big City monopoly game worried out of their wits with no end in sight? Congress, this motion demands action and support from government now, action to ensure Southern Cross does not fail and that those worries are eased. In March, David Cameron said he was watching the situation in Southern Cross and promised action yet since then the company has gone further into crisis while the Government has done nothing. He cannot use the excuse that he has not been briefed. His Permanent Secretary is Jeremy Hayward, who was co-head of UK Investment Banking for Morgan Stanley when Southern Cross was floated in 2006, one of the advisers for Southern Cross at the time.

The politicians in all parties in all parts of the UK must take responsibility for this grave crisis and take actions which put the Southern Cross residents first. To this end this motion also demands that the Government immediately appoints a Cabinet Minister charged with ensuring the continuity of care for the 31,000 residents, guaranteeing no home will close and no resident will be turned out, or forced to move against their will. The politicians also have a responsibility to investigate and expose the scandalous financial engineering in the City of London and Wall Street that led to the crisis. They have an absolute responsibility to outlaw such financial engineering in social care, healthcare, and other vital services, and to make sure this never happens again in Southern Cross, or indeed anywhere else. They must rule on whether private equity and the private sector are fit to care for our elderly, our most vulnerable, and our most dependent. I think most of us in this hall know the answer to that question, even Vince.

By the way, if anybody was wondering what the NHS will look like in a couple of years, I suggest you need look no further than Southern Cross today. The kings of private equity in secret, hidden from the eye of the press and the public, have perpetrated ravages on the British economy and on British jobs. Under current rules more is known about the Mafia than the antics of private equity. Companies like Blackstone, estimated to have made £600m on secret financial dealings on the care homes that are now run but of course not owned by Southern Cross, a modern day scandal in which the losers are the 31,000 residents and the 43,000 staff. It is time the table was turned, Congress, and people were put before profit. Please support the motion. *(Applause)*

THE PRESIDENT: Thank you, Justin. Does anyone else wish to come in on the debate?

SIS. E. MARTIN (GMB Scotland): First-time delegate, first-time speaker. I am a nurse with Southern Cross, the biggest provider of care for the elderly in Britain. Care? That is a joke. They do not care about the stress or anxiety of the old people in their homes, or the staff. They fail to supply information to these people in their financial crisis. It is very difficult for staff to reassure these frightened old people that the staff do not know what the situation is. Residents and staff read it on a daily basis in the newspapers or hear it on the TV. Every day someone asks, "Did you see the paper today," or "Did you hear the news?" Residents and staff deserve to know the truth about their future. Yes, Southern Cross as a company does care, about themselves and making money on the back of old people. The cross we bear is reading the headlines of where it all went wrong.

The Government claimed it would take action. What have they done: nothing? I ask Congress to apply pressure on Southern Cross and the Government to take action before these old people are left homeless. It could be your mum, dad, gran, or grandpa. Thank you. (*Applause*)

THE PRESIDENT: Thank you very much, Liz.

BRO. N. COLLINSON (Northern): Congress, yet again we are in a situation exploited by spivs and speculators. We have warned time and again over the last few years that Southern Cross was a disaster waiting to happen. Ministers, past and present, did not wake up and smell the coffee. Governments of all colours have led a policy of privatisation, privatising social care, whilst having no idea how to handle the wider issues on how to deal with a population that is getting older.

Congress, social care is no place for spivs. Vulnerable people are not cans of beans that can be moved about at the drop of a hat. Funny money has been used to get Southern Cross into its current position. The situation is made worse by the cutbacks in public spending and a confused policy of keeping the elderly in their homes for as long as possible. Serious questions have to be asked about the regulators. In the banking crisis the regulators were given a kicking, and quite rightly too, but in social care I ask who has the responsibility to check that providers have the finances to keep going as a viable concern. Who is doing the scrutiny and overseeing of these things? The whole system of regulation in social care is a mess. It needs sorting.

Congress, the scandal of landlords that do not pay taxes in the UK but live off the back of the UK taxpayers must stop. We cannot have a situation where 31,000 vulnerable people have to move from their homes, or thousands of workers face uncertainty. We cannot have the regulators who fail to do their job. Immediate problems in Southern Cross must be sorted out. The spivs must get out of the way and then the country must face up to paying for social care. Please support. (*Applause*)

THE PRESIDENT: Thank you, Neil.

BRO. B. HELEY (Midland & East Coast): President, Congress, I am the Branch Secretary of a Regional Care Branch responsible for approximately 1,300 Southern Cross members. There have always been issues with Southern Cross, Paladium Healthcare, Highfield, whatever it is, to get where it is; as Justin said, forget the name,

it changes every two weeks. You do not know who they are or where they are. They have recruited heavily in Southern Cross and promised our members, if you need us we will be there. Our members are overworked, understaffed, and definitely underpaid. They wear a badge that says “carer”. Congress, they care. If they did not care they would not be there. If you go to Morrisons, Tesco’s, Asda, take your pick, you are guaranteed a pay rise. The staff are not doing it for the money. The residents in the homes they are passionate about. They are told they should not get attached, but they get attached. Something happens and they hurt. You heard Helen, she works in a home; it is like losing your arm or losing one of your family. They are passionate.

Southern Cross, I will say, are not a very nice company; that is the politest thing I can say on air. My own personal views are a bit worse than that. They have a go at the staff, they continue running the homes, and they do not really give a damn about the residents. The residents are bums on beds. The staff are cash going out. They want to save £20m off them. That is not fair. Congress, for numerous reasons I urge you to support this motion. (*Applause*)

THE PRESIDENT: Thank you, Bill. Brian will be the last speaker.

BRO. B. DAVIES (North West & Irish): For the first sixteen years of my life I was brought up in one of these homes. When you talk about being abused, physically, mentally, and, yes, sometimes sexually abused, and when you put money before care then it is time to say, no, please stop this now. Thank you. (*Applause*)

THE PRESIDENT: Thank you, Brian. Can I now take the vote on Emergency Motion 3? All those in favour please show? Anyone against? Thank you very much.

*Emergency Motion No.3 was CARRIED.*

THE PRESIDENT: Congress, we are now moving on to the next part of our business, and this morning we welcome Vince Cable to our Congress. As I am sure you know Vince is Secretary of State for Business, Innovation and Skills. Vince has been a LibDem MP for Twickenham since 1997 and is one of the most senior LibDems in the Coalition. He has had an interesting political history. He contested Glasgow Hillhead Labour in 1970, and he was a Labour Councillor at Glasgow City Council between 1971 and 1974. He is equally adept at changing partners on the dance floor as viewers of Strictly Come Dancing will know.

After Vince has addressed Congress he will take part in a question and answer session. We will move to the chairs in the front of the platform and take questions. We will go round the regions one at a time. There is one standing mike so regions make sure your speakers are ready with their questions. Thank you to all who have submitted the questions through the regions. I will call individuals one by one. There is one standing mike in the middle so please be ready and be there, and I want questions not emotion, okay, then we can get more in. Thank you. Mr. Cable.

**ADDRESS TO CONGRESS BY THE RT. HON. MR. VINCE CABLE MP,  
SECRETARY OF STATE FOR BUSINESS, INNOVATION AND SKILLS**

MR. V. CABLE: President, Congress, I think this is my first speech as Business Secretary to an annual conference and I thank you very warmly for the invitation. About 10 months ago I was invited to speak to the TUC Conference in Manchester and much to my regret that invitation was later withdrawn; perhaps it came too soon after the General Election and feelings amongst some of the trade union leaders was still too raw. I had never appreciated that Bob Crow and Mark Serwotka were quite such sensitive souls but whatever the history I am glad to be here and I am very grateful to Mary Turner and Paul Kenny, and your Executive, for giving me the chance to speak to you today.

What I want is a mature and productive relationship with trade unions. Of course, there are differences and there will continue to be. I know you have strong feelings about our approach to public spending. There always are differences between the trade union Movement and the government of the day. As far as I recall, the Blair/Brown period was hardly a love-in with the trade union movement but despite the differences there are a lot of useful things we can discuss in advance, and my main aim today is to identify much of that common ground. Make no mistake the agenda is a very challenging one.

I know Governments always blame their predecessors but we did inherit a truly awful mess when we took office, long-term weaknesses were exposed. Our banking system had virtually collapsed, and it was and it still is unfit for purpose, and failing to support the real economy. Manufacturing had been neglected and hollowed out, as you were saying a few moments ago. The public sector involved large unsustainable deficits. Private finances of many households were unsustainably burdened by debt, and the economy having contracted by 6% was still in shock.

These problems were not caused by the trade unions or by the workers they represent, in fact trade unions like yours did a great deal to help the private sector through the recession by negotiating realistic deals to restrain pay, vary shift patterns, and work flexibly, and you saved many jobs as a result. Employment did fall through the recession but that fall was a lot less than it might have been.

Since taking office we have not flinched from taking the difficult decisions we need to take to stop the rot. A recovery has begun but I do not fool myself into believing that recovery will be swift. It will be a long haul to rebalance the economy towards investment and exports, and manufacturing, and given the severity of our problems and the loss of output we experienced it will be difficult. It will take a sustained effort through this parliament and beyond to correct the economy's weaknesses and put us on a long-term path to growth, and like it or not fiscal policy has to remain tight for the foreseeable future. We have to work with other levers to stimulate private investment and business capacity to generate new employment, and this involves creating the right regulatory policy framework to encourage trade and investment, and enterprise.

Let me explain what this may mean for manufacturing, which I heard you debating when I came into the hall. Like you we do appreciate that manufacturing is the key to



our future development. We will not rebalance the economy and spread prosperity more equitably round the country unless manufacturing thrives. Previous governments of different parties failed to appreciate the significance of the manufacturing industry. They were lulled into believing that growth could be delivered indefinitely by the service sector, specifically financial services. The idea that Britain does not make things any more was widely believed, and it was wrong. But despite its neglect the UK remains an important manufacturing country and it accounts for 55% of our total exports, and thanks in part to the depreciation of the pound manufacturing is now leading the way out of recession. We have to be realistic. We cannot unwind the last three decades or more, though there are some encouraging signs of supply chains returning in the motor vehicle industry, for example, and we cannot and should not depend on currency movements to underpin future manufacturing growth.

Our goal is to ensure that the UK becomes Europe's leading exporter of high value goods and services. We therefore in the Government have taken a range of measures to back the real economy in the longer term. For example, we have ring-fenced the science budget; that signals the importance we attach to this spending and to the support it provides to industrial innovation. My department is launching a series of technology and innovation centres starting with advanced manufacturing to support the technologies of the future. Improved skills are vital for manufacturing success and to our ability to adapt to the rise of China and India, and other manufacturing competitors. We are therefore investing an extra £180m to deliver at least quarter of a million more apprenticeships over the next four years than was previously planned. The skills agenda is very much a trade union agenda and therefore we continue to support Union Learn and the efforts of the GMB and other trade unions to promote lifelong learning at the workplace. I regard this kind of union activity as especially helpful and I want it to continue. We are committed to spending over £21m a year on this programme. In addition, we have the first round of the Regional Growth Fund concentrated in particular on financial support for high-tech manufacturing as in the motor vehicle industry. The next round will supply more and I welcome trade union participation on the Advisory Panel of the Growth Fund.

Much of manufacturing also stands to gain as we move towards a low carbon economy. I know the trade unions very much appreciate the potential from greening the economy and last month I established detailed plans to establish a green investment bank, an institution that will help finance the development of the country's green infrastructure. Initially, the bank will have a capitalisation of £3bn and it could mobilise an extra £15bn of private investment within this parliament.

I recognise that your union is a union with a strong regional focus and like you we want to disperse growth more evenly around the country. Too much growth, wealth and prosperity is concentrated in one part of the country, the South East, and it has been for a very long time. Previous attempts to redress that chronic imbalance have not narrowed the gap and we are therefore developing a new approach to local development through the establishment of Local Enterprise Partnerships. These will radically reshape the way business and local government interact at a local level. They will free the way for a bottom up approach to local development which the RDA has never quite managed to achieve.

I know that some RDAs were well regarded in the union Movement and they undoubtedly did some sensible and useful things, but in truth they failed to deliver the necessary buy-in from employers, local authorities, and other economic players, and they behaved as the regional arm of central government. RDAs did have a role, a useful role, in encouraging inward investment to the regions and this activity will now be undertaken by UK trade and investment.

In the past trade unions did help in meeting potential investors, helping to convince them to come to this country. Your involvement has helped to dispel a lot of misconceptions about the flexibility of the UK workforce and the attitudes of trade unions to new ways of working. I want to ensure that trade unions continue to play a role with UK TI in selling the benefits of locating in this country and I have therefore opened discussions with the TUC to see how trade union involvement in this area can be enhanced.

The rebalancing of the economy requires more private investment, creating real jobs, and that will ideally involve a partnership between enlightened forward looking companies and a committed workforce. In the best firms this already happens. I see in action many of the companies where it does. Workers in those companies are treated well and they are regarded as partners and a valuable resource. By the same token there are poor employers and in extreme cases exploitation.

I last occupied my present office in the late 1970s, a third of a century ago, when I worked for John Smith when he was Secretary of State in the Callaghan government. We tried to put through legislation on worker participation following the Bullock Report on the German model. You may remember it but it is largely now forgotten. The underlying philosophy is still carried forward in employee-owned companies like John Lewis and Arup in social enterprises, in co-ops, and mutuals, and I want to encourage these developments, and we are looking forward to legislation to strengthen the third sector of employers.

Most employment will remain in competitive private enterprise where we rely on regulation to preserve a proper balance between the interests of companies, their employees, and their customers. Modern shareholder capitalism as experienced in the UK has considerable strengths as a system but it also has weaknesses; one is a tendency to what is called short-termism, a preoccupation with short-term, often quarterly, with profitability and shareholder value at the expense of long-term growth. It is considered actually relatively long-term because they plan over five years. Long-term institutional investors who manage pension funds, for example, often seem to be eclipsed by those solely interested in the short-term and managers have those short-term goals embedded in their incentives. I am determined to change this short-term culture.

Second, we are seeing too many company takeovers that reduce or destroy value. They are driven by fat fees and by the lawyers and banks that facilitate them. I have made it clear post-Cadbury that there have to be changes and I am pleased to see the Takeover Panel has come up with some modest but useful changes to reduce unnecessary takeovers.

Third, there is executive pay. Top pay has escalated to ridiculous levels, particularly in the banking system but also more generally, and high levels of pay and the underlying differentials within companies are often unrelated to management performance. Rewards for failure abound and the inflated salaries and bonuses are in turn translated into top pay in the public sector.

I am currently looking at practical measures to address this problem with more transparency, more effective control by shareholders of remuneration, and tighter regulation of bonuses in financial services. But just as government needs to intervene to curb the excesses on the side of the owners or management, we also need to look at workplace regulation to establish whether it is proportionate and fit for purpose. In the past governments have thought they could change attitudes and cultures by regulation and diktat. Our approach to workplace regulation is very different. We want regulation when it is necessary.

I am at the receiving end of an endless barrage of complaints from businesses, especially small companies, saying that employment legislation is stopping them taking on more staff because of the hassle involved, and too much time is taken up with form-filling, target monitoring, and box-ticking, and that this bureaucracy is a headache and a diversion to managers and workers alike.

For small companies that do not have compliance and HR departments to sort these things out it is a major problem and that is why I have introduced a moratorium on new regulation for firms with under 10 employees, and for start-ups. The Government has also issued a red-tape challenge to obtain the public's view on thinning out the dense thicket of current regulation.

We have also embarked, as you know, on specific initiatives to review certain aspects of employment law. For example, we know that too many disputes are going to employment tribunals and tribunals are taking too long to process them. Tribunal reform is needed to encourage more conciliated settlements and the earlier resolution of problems. Both employees and employers can benefit from change in this area because recourse to legal action should truly be a last resort.

We want this to be the first government in history to reduce the overall burden of regulation rather than increase it. However, we will regulate and we will introduce new rights where there is a clear case for it. For example, last month we announced proposals for a new system of flexible parental leave and an extended right to request flexible working. These changes are necessary on social grounds to reflect the modern family life but they also serve solid economic purposes by extending an individual's ability to combine work and family life, and fewer people will drop out of the labour market losing their skills and prospects for the future; also research suggests that employers experience better workplace relations where flexible working occurs. Good businesses are already flexible and we want this to become the norm.

While I am talking about workplaces I should also mention the state of industrial relations, which is very much in the news. Later this month we may well witness a day of industrial action across significant parts of the public sector and the usual suspects, if I may call them that, will call for general strikes and widespread disruption. (*Applause*) It will no doubt excite the usual media comments about a

summer or autumn of discontent. Another group of usual suspects will exploit the situation in calling for a tightening of strike law.

We are undoubtedly entering into a difficult period and cool heads are going to be required all round. Despite occasional blips, I know that strike levels remain historically low, especially in the private sector. In fact, in the last year to the end of March there was the lowest number of days affected by industrial action since the early 1930s and, of course, the right to strike is a fundamental principle. *(Applause)* On that basis and assuming this pattern continues the case for changing strike law is not a compelling one. However, should the position change and should strikes impose serious damage to our economic and social fabric, the pressure on us to act will ratchet up and that is something which both you *(Calls from delegates)* and I will collectively want to avoid. Congress, I have tried to sketch out my agenda —

THE PRESIDENT: Colleagues, please. You may not like what you are hearing any more than I do but please listen to what is being said, okay, and then we can debate it. *(Applause)*

MR. CABLE: Thank you. I have tried to sketch out my agenda and I think there is much to discuss and develop. I want trade unions to contribute to that process. There are many examples where this is already happening. I meet Brendan Barber most months. I have also presented our plan for growth to a senior TUC delegation and other ministers in my department have similar patterns of engagement. For example, our review of advanced manufacturing directly involves union experts in the field and my department is by no means an exception to that.

The Government is committed to further engagement with trade unions. We genuinely want your input. This is not a government that simply listens to employers, though they are obviously an important voice, and we do not treat their views as gospel. We want evidence from all sides, including yours. We are now well into the union conference season and I know that feelings are running high as the demonstration on March 26<sup>th</sup> showed, but despite our differences I think we have much in common, we share many common policy ends, we face the same economic challenges, so let's address them together. I think that is what ordinary union members would want their union to do. Thank you very much indeed. *(Applause)*

THE PRESIDENT: Congress, please come to order now. I will be calling the names of the individuals who submitted their questions and will you please come to the middle. Richie from Bootle, Edward or Eddie from Dunstable, and Brendan from Maryport.

BRO. R. DEAN (North West & Irish): Good morning, Congress. Good morning, President. I am Richard Dean from Bootle on Merseyside. I have just a little statement, Vince. You turned round and kept on saying "your union". My union is the GMB and I am damned proud of what the GMB are doing. Yes, I am one of your usual suspects. *(Applause)* In order to kick-start this country in manufacturing, commercial services, and the scientific sector, will you bring forward a Robin Hood financial transaction tax initially at EU level? If not, could you explain why?

THE PRESIDENT: Thank you. Edward?

BRO. E. COSTELLO (London): Good morning, Chair, Congress. Thank you for letting me speak. I used to work at LuDun, which is a sheltered workshop in Dunstable. It is now closed due to the public service cuts in services controls in Central Bedfordshire Council. Despite many viable alternatives to closure and assurances of redeployment none of the disabled workers, including myself, have found another job. The council is selling all the workshop machinery tomorrow. I am also a Liberal Democrat member. What influence can the Liberal Democrats bring on the Coalition Government for fair treatment for people with disabilities and could you give me a commitment that you will look into this and let me know. *(Applause)*

THE PRESIDENT: Thank you, Eddie.

MR. CABLE: The first question was about a financial transaction tax, taxation on banking. One of the things we have done is to bring in a serious tax on the balance sheets of the banks for the very simple reason that in addition to them having to pay corporation tax like other companies, banks currently depend on the taxpayer to prevent them completely collapsing and the tax is effectively a form of insurance to recompense the taxpayer for the fact that we take that risk on their behalf until we can restructure the banks. You will have followed what is happening with the Vickers Report and its preliminary report before the summer.

As far as the financial transaction tax is concerned, several governments have looked at this, certainly the last one looked at it in some detail, and the problem is the practical one of implementation. The Swedish government tried to introduce this unilaterally a few years ago and actually lost money by doing it as financial transactions are quite difficult to track. If a group of likeminded governments were able to agree on its feasibility, then we should certainly progress it, but the issues here are not issues of ideology and principle, they are practical questions.

As far as Edward is concerned, at Dunstable, I will certainly look in more detail at that. As far as I could establish from his question, I think the issue related to decisions taken by the local council but, obviously, if there are a substantial number of disabled workers who have lost their jobs as a result then I ought to look at this carefully. I will certainly undertake to do that because we are completely committed to protecting disabled people from discrimination.

THE PRESIDENT: It is actually the whole factory. Okay, Brendan?

BRO. B. ASHWORTH (Northern): Good morning, Congress. Good morning, President. Good morning, Mr. Cable. In your speech you talked at length about the union Movement and whatever way you do it you threatened us with laws if we did not conform. What I want to ask you is, what do you intend to do about the sharks masquerading as private equity companies; and though you have mentioned some of the bonuses, the disproportionate bonuses paid to the bankers it seems to me that in your speech the proportion spent attacking or threatening to attack the unions was disproportionate to the amount of people that were making money out of the workers. Thank you. *(Applause)*

THE PRESIDENT: We will take them one at a time.

MR. CABLE: I think you must have been listening to a different speech from the one I gave because I had one very short passage on the issue of industrial relations legislation and made it very clear that we saw no compelling reason for a change. I hope that came across clearly. I think you preconceived what I was going to say.

Your question was about private equity and I heard the debate, the short debate you had on Southern Cross and all the points that were made were very compelling and absolutely right; it is a shocking state of affairs. There are several issues around private equity companies and the supply of public services. As it happens last week I was in the Far East leading a trade delegation but while I was there I knew this was going on and I have asked my department to look at whether there is an underlying problem with private equity companies supplying public services. I think the provisional view is that this is very much a matter for the sector regulators, the Quality Standards Commission, and monitors, and I will continue to look at whether we should pursue that further.

The basic reason why private equity flourished was because of favourable tax treatment given to loan finance and the Chancellor and I are both concerned about this distortion in the system, and of course there was, frankly, a lot of tax dodging. When I and my LibDem colleagues got into the Coalition Government one of the things we insisted on from day one was substantially increasing capital gains tax as a way of stopping the tax dodging that was going on in the private equity sector, but there are bigger issues here. I heard your debate, I have heard your resolution, and I undertake to take it back and look very seriously at the proposals you have made.

THE PRESIDENT: Thank you. Jake.

BRO. J. MOORE (Birmingham & West Midlands): Good morning, Congress. Mr. Cable, why did your department, the Business, Innovation & Skills, consider it necessary to issue guidelines to businesses on how to refuse requests for flexible working and how to dismiss their employees without fear of reprisals?

THE PRESIDENT: Jake is from Shrewsbury.

MR. CABLE: As I said in my speech, we are not wanting to restrict flexible working, we want to increase it. At the moment, flexible working or the right to request flexible working is restricted to people with restricted numbers of categories, particularly parents with young children. We want to extend that to all employees. That is why we have embarked on a consultation to make that possible.

What I think you are referring to is something quite different. We do get a lot of saloon bar stories from businesses about all the things they are not allowed to do, some of them exaggerated and often wrong. We did put out a note explaining exactly what the law said in this respect so that they are dealing on the basis of facts rather than on the basis of urban myths. That was the purpose of that correspondence.

THE PRESIDENT: Thank you. Penny is from Barking. Then I will be calling Bill from Mansfield, Pauline from Merthyr Tydfil, Jonathan from Redbridge, and Cindy from Leeds.

SIS. P. ROBINSON (London): Vince, I am a learning centre manager and me and thousands of other public service workers have not had a pay rise for two years. The two years before that was below inflation. I have lost my travel allowance and I am paying more VAT. Vince, please can you explain what I and my fellow workers did to wreck the banking and finance system that justifies you treating us like this? *(Applause)*

THE PRESIDENT: Thank you, Penny.

MR. CABLE: I made it very clear in what I said that the crisis we passed through was not the fault of the working population. I made that very clear. But the result of the crisis that we have just been through, the collapse of the financial system and the recession, is that the whole country is now significantly poorer than it was before. It is simply a matter of fact that the GDP, the economy, fell by 6%. It is now about 10% below what it would have been if the trend had continued. We are a poorer country and that is reflected in the pressures on everybody, including public spending and including pay in the public and private sector. We need to be aware of that and I think an awful lot of people have not taken this on board, that as a result of that crisis we are now a significantly poorer country than we were before.

The issue that you raised at the end of your question is a fair one, which is how that cost, that burden, the fact that we are now a poorer country, is to be shared more fairly. I completely accept the argument that we have to have a tax system that helps people at the bottom end of the income scale, which is why we have lifted low earners out of tax in the last budget, and that those people at the top end of the scale should pay properly on high incomes and on wealth.

THE PRESIDENT: Thank you. Bill. *(Calls from the floor)*

BRO. B. HELEY (Midland & East Coast): Vince, do you now think that allowing private equity an unrestricted opportunity to buy into social care homes, such as Southern Cross which has asset-stripped and dumped, is still a good idea. Assume you do not, what rules should you put into place to protect the most vulnerable taxpayer-funded members of our society from the rampant greed of the capitalists? Is your government going to step in to ensure the residents, families, and staff, are protected? *(Applause)*

THE PRESIDENT: Thank you, Bill.

MR. CABLE: I think I partly answered your question when the issue of private equity was raised early on. The issue about private care homes and the standard of provision goes back substantially before this particular private equity company came into that business. One of the first major campaigns I got involved in as a local MP related to a private company that was providing a care home in my constituency in Twickenham. It was a posh home, aspistras and flowers in the entrance and very high fees, but we discovered that there was a significant level of neglect. I pursued this through parliament and through a public campaign and that was partly why the system of care, care home regulation, was tightened. Indeed, the actions that have

subsequently been taken at the disciplinary level are actually still going on ten years later.

I am aware of some of the abuses that have taken place in that sector and indeed the more general lessons from private sector involvement in the health service is one of the reasons why, as you know, the Liberal Democrats have taken a distinctive and tough line on privatisation in relation to the NHS, and that is what is currently under debate in government. (*Calls from the floor*)

THE PRESIDENT: Thank you. Pauline is from Merthyr Tydfil. Pauline.

SIS. P. PHILLIPS (South Western): You have spoken about manufacturing in our country today so why have you allowed foreign companies to freely asset-strip iconic brands like Burberry's, Cadbury's, and Rowntrees, to avoid tax and move production abroad?

THE PRESIDENT: Thank you, Pauline.

MR. CABLE: I did in my speech refer to takeovers and I did refer to Cadbury's, and I referred to the fact that we have had a significant number of takeovers which have destroyed value and which cannot be justified, and I want to see the system changed to stop that, or substantially reduce it.

You did in your question talk about foreign companies. This is not actually a nationalistic issue and it should not be one. In fact, foreign investors make a major contribution in this country to employment and to the economy. One of the reasons I was out in Japan and Korea was drumming up interest in those countries in investing here. If I can go back to my period in government three decades ago, one of the best decisions that was made when I worked with John Smith in the Department of Trade & Industry then was to allow Japanese companies into the British manufacturing industry: they brought new technology, they brought better management, and they brought investment. Under no circumstances should we turn our back on the rest of the world as overseas companies are often amongst the best investors in this country. Yes, let's be critical about takeovers, and I am critical and I want to look at the rules again, but let's not pose this in terms of foreign companies versus Britain, that is not the issue.

THE PRESIDENT: Thank you very much. Jonathan from Redbridge.

BRO. J. COLES (London): Good morning, Vince. As a longstanding Liberal Democrat activist, I have to say to you like many others that I cannot support the scale of cuts to frontline public services. I was proud to take part in the march against the cuts, taking coach loads of low-paid workers there to protest. Before the General Election you, the LibDems, told us that some cuts were necessary but we cannot support the Tories who want to decimate public services. Why are you not making a bigger effort to avoid the savage cuts and consulting more widely to solve the current financial problems in a timely and more constructive manner? (*Applause*)

THE PRESIDENT: Thank you, Jonathan.



MR. CABLE: Thank you for acknowledging your role as an activist. Let me just say one thing. When I came into my department after the election I discovered that the previous government had plans to substantially reduce expenditure by my department; that is universities, FE colleges, science, and support for industry, and would almost certainly have cut spending by something of the order of 25%. As a result of the negotiations with the Treasury and the spending review, we are indeed cutting spending in my department by roughly the same order of magnitude. When I came into the department the cuts were already happening. In my local FE College redundancies were already taking place. This was before the Coalition Government came into government and before I stepped into my department. So let's not try to pretend that the cuts in public expenditure that have taken place are simply as a result of this government. This would have happened anyway.

In the current financial year this Government is cutting, I think the figure is, something of the order of £18bn from public spending, and under the Darling plan it would have been about £16bn. There is a difference but the difference in relation to the economy is not large. Under the next government, whether it was Labour or coalition, or this Coalition, there were going to be significant cuts in public spending. The reason is this. Public spending increased substantially over the last decade, and undoubtedly improved public services in many areas, but it was based on a tax base that was a windfall. An extraordinarily high percentage of the British budget was financed by tax revenues from the City of London, and the banking system, and the bubble in the housing market, but that money has gone. That revenue has gone. There was what we call a structural deficit that any government of any party was going to have to deal with. It is not pleasant.

As I have said before, I would love to be Father Christmas doling out positive things but any government of any party was going to have to deal with this and it was going to be difficult and unpleasant. That is the situation. That is the reality. *(Calls from the floor)*

THE PRESIDENT: Thank you. Cindy from Leeds. Cindy.

SIS. C. GAVIN (Yorkshire & North Derbyshire): Mr Cable, last week you wrote an article in the *New Statesman* magazine forecasting another financial crisis coming our way due to the state of the economics in the Eurozone. You believe you forecasted the credit crunch in 2008. This may be true. You may well be a prophet among economists. Before the last election you were clear in your support for the financial stimulus, quantitative easing and opposition to the Tory cuts policy. I ask you, when did you visit Damascus or have you completely ditched your principles? *(Cheers, whistles and applause)*

THE PRESIDENT: Thank you, Cindy.

MR CABLE: I think you did not read or chose not to read what I said before the election. A year before the last General Election I wrote a pamphlet for one of those think tanks which explained what the next government would have to do in relation to the budget. It spelt out that whoever was in the government – at that stage, frankly, we didn't expect to be in the Government – the substantial budget deficit would have to be eliminated over a Parliament with the same order of magnitude of cuts as we have

had to introduce. I am very happy to show you the references. I never, at any stage, argued, nor did my party argue, that we could avoid having to confront the need for cuts in the public sector because it was not sustainable. So please don't attribute to me views that I never had and never argued for.

There is, of course, an argument for maintaining a stimulus. You are quite right in that the Bank of England, through very low interest rates and quantitative easing, has done that, and that is a very important offset to the difficult decisions we have had to make on public spending. It is absolutely crucial that we do what we can to make sure that new investment is coming into the economy through the private sector. It is not just going to happen on a laissez faire basis. Government has a role in encouraging that. That's why in my speech I referred to initiatives like the Green Investment Bank, the Technology Innovation Centres and the action that my colleague, Chris Huhne, is taking through the Green Deal. All of these things are designed to create an environment in which private investment will flow and jobs will be created offsetting the job losses in the public sector.

THE PRESIDENT: Thank you, Vince. I now call Paul from Dover, June from Ayrshire, Sue from Stoke and Lee from Rotherham.

BRO. P. GOODACRE (Southern): Good morning, Congress. Good morning, Mr Cable. Do you think that politicians should say what they mean and mean what they say? If this is the case, would you like to take this opportunity to apologise for breaking your promises on tuition fees, banking reform, the scale of the cuts and on the NHS? (*Applause, whistles and cheering*)

MR. CABLE: There is no retreat on banking reform. Banking reform is going to go ahead. We have already introduced, as I said earlier, a levy on the banking system. We are stopping the banks engaging in large-scale tax avoidance that they were engaging in before. The key step to banking reform will be the implementation of the Vickers Report, which is due in its final form in September, dealing with this structural question about how you deal with the separate issues of, on the one hand, the casino operation, the investment banks and the retail banks, which have to be underwritten by the taxpayer. We are waiting for that report and you can hold me to the conclusions in due course. There has been absolutely no retreat whatever on that.

As far as the student fees are concerned, you are right, we did make a pledge on student tuition fees. We shouldn't have done and we express regret for that. (*Growls of anger*) No, it was not deliverable and we shouldn't have done it. I do regret that.

THE PRESIDENT: Thank you, June.

SIS. J. MINNERY (GMB Scotland): Vince, given that the Liberal Democrats were wiped off the Scottish electoral map, what do you think your party's chances are for the next General Election? (*Cheers and Applause*)

MR. CABLE: I think our chances in Scotland are very good. (*Laughter*) I seem to remember going to Scotland several times in the run-up to the last General Election. I was being told that we were going to have a meltdown in Scotland but it didn't happen. We returned the same number of MPs as we do now. Of course, in the short

run – we’ve been in office for a year – there is a reaction against the Government and against us, in particular. We realise that. We are here for five years. We’ve got to turn the economy round and I can assure you, when that happens, people in Scotland, as everywhere else in the UK, will acknowledge our contribution towards it.

THE PRESIDENT: Thank you, Vince. Sue.

SIS. S. STEELE (Birmingham & West Midlands): Congress, I come from Stoke. Mr Cable, what were your feelings when Rupert Murdoch’s company was given the go ahead to take over BSkyB considering your reported remarks that you have declared war on Rupert Murdoch’s empire? Also, do you have Sky TV at home? (*Applause*)

MR. CABLE: My views on that have already been well enough publicised. I stress that the decision hasn’t yet been made, though the Secretary of State involved will announce that in due course.

THE PRESIDENT: Thank you. I think he’s got Cable. Lee from Rotherham.

BRO. L. SIMPSON (Yorkshire & North Derbyshire): Vince, UK banks have caused the current economic recession that has so severely hit working families and their communities. Banks are so poorly regulated that there is little to stop them causing another crisis. Will the Liberal-Democrats in the Coalition Government pursue regulating the banks and protect working people?

MR. CABLE: Yes, we do and we will. You are absolutely right. The banking system and the collapse of the banking system has caused immense damage, and it is important that we understand why that is case. Britain was allowed, in the last decade or so, to become very seriously over-dependent on the banking system. The share of bank balance sheets in the British economy is about 400%. In other words, you add together the balance sheets of the big banks and that’s four times as much as the size of whole economy. We are almost as exposed as countries like Iceland. It was dangerous, extremely dangerous and the consequences have been that when the banking system went into a state of crisis, we have been affected far more seriously than any other major western country. That, in significant measures, explains why we continue to have this serious slowdown, because the banks have reacted. They have gone from reckless over-lending to extreme conservatism in their lending policies. We have to stop this happening again. The banks are now being regulated much more firmly by the Financial Services Authority. There is the issue that I referred to a few moments ago about the future structure of banks. How do we separate out the so-called ‘Casino banks’, the investment banks, from those banks that we need for small business lending, for your deposits and small savings? How do we separate those two in a way that makes the system safe. That is the big issue that the Government has to grapple with in the autumn when we have a report on that problem.

THE PRESIDENT: Thank you. Next I call Roy from Windsor and Jenny from Mid-Glamorgan.

BRO. R. REEVES (Southern): Vince, is Ministerial life more like *Yes, Minister* or *The Thick of It*?

MR. CABLE: It is certainly hard work, I can tell you that. It is fraught, because we are having to make very difficult decisions. I believe that I and my colleagues are doing the right thing.

SIS. J. SMITH (South Western): Vince, at the Liberal Democrat Conference last year you said you were going to shine the light on all tax evaders and dodgy tax havens. Tell us who you have found or did your batteries run out before the light went on? *(Applause and cheers)*

MR. CABLE: No, it is a good joke. It is a real problem.

THE PRESIDENT: It's not a joke.

MR. CABLE: There is large-scale tax avoidance and tax evasion. We have invested a substantial amount of money in improving the resources of HMRC so that they can get to the bottom of it and stop it. I just mention two very specific things that we did, one of which I referred to earlier. One of the ways in which rich people were engaging in substantial amounts of tax avoidance was through Capital Gains Tax, which the previous Government fixed at very low levels. So what was happening was that people were switching out of income into capital in order to avoid paying tax. We have, very substantially, reduced that by increasing the rate of Capital Gains Tax.

The other thing that happened under the last Government was that there was a code of conduct governing the way that banks paid tax. We discovered that only three out of 18 major banks were actually applying that code of conduct. As a result, many of them were routing a lot of their transactions through tax havens and engaging in substantial amounts of tax avoidance. We have now stopped all those banks. All those banks are now subject to that tough code of conduct and will not do it again. I fully accept that there are a lot of other things we can do and should do in order to make sure that rich individuals and companies pay their share of tax. I can assure you that my light will continue to shine on it.

THE PRESIDENT: Vince, I, as the Chair, and as the President of Public Services, which I worked in for 39 years, I will go with the rest. My name is Mary from Brent. In relation to the strike at the end of the month, your Government when you came in, the Coalition, promised every public service worker earning less than £21,000 a pay rise. Let me tell you that the only people who were denied that were local government workers who deliver the most valuable work. *(Applause)* The second part of my question is now that Douglas Alexander is not listening to us on our pensions and proposes to increase by 3% what we pay with no extra benefits – we have always paid in to our local government pension scheme – therefore, with everything rising, local government workers will have a cut of 10% in their salaries by next year. What other alternative do they have than withdrawing their labour, which they don't want to do? It hasn't come easy. *(Applause)*

MR. CABLE: You started with a general question about low pay and low paid workers. There are various things that we have done to try and address that issue. The first is in relation to central Government. We have ensured that the pay freeze as it applies does not apply at the bottom end. I recently, a few weeks ago, approved a significant increase in the minimum wage. We could have waived it but I insisted that

it went through. It was an important way of protecting low paid workers. We have also insisted – this was a key demand that my party made in the coalition – that the first priority on taxation had to be to lift low paid workers, and this applies particularly to women, many of whose pay, as you know, is, in aggregate terms, below the minimum wage, out of Income Tax. We have done that. We are delivering it. By the end of this Parliament the threshold will have risen to £10,000.

I understand what you say about public sector pensions. I know there are very strong feelings about it. One of the big problems in the public sector pension system is that very highly paid people in the public sector – I include MPs – have an extremely generous arrangement. We have to reform public sector pensions. The system of attaching public sector pensions to final salary, which it is at the moment, is very heavily geared to helping those at the top end of the income scale. We are trying to reform that. Certainly we listen to the representations you are making. Our broad approach to pension reform is to try to ensure that we have a public sector pension that is sustainable but is also fair.

THE PRESIDENT: Local government workers did not receive any pay rise whatsoever under a government that said they would for people earning less than £21,000. That's it.

Can I thank you, Mr. Cable, for coming along and accepting our invitation. As you are aware, and you would have been before you came, not everybody will agree with you and you won't agree with them.

MR. CABLE: I realise that.

THE PRESIDENT: That's life. That is what makes this Union proud that it is able to say that we are going to put you on the spot, and that hopefully we have done. I don't mean on the spot in that way, but on the spot that you can go back, look at Southern Cross, look at the public services, look at the most vulnerable people in our society and do something about it. Thank you. *(Applause)*

MR. CABLE: Thank you for inviting me. Vince, I ask you to accept this gift made by our members in manufacturing, GMB glasses, and whisky made by our members in Scotland. *(Presentation made amidst applause)*

THE PRESIDENT: Congress, I did not call a stop, but you can have a 10 minutes break, and 10 minutes it will be or else you will be working until 10 o'clock tonight.

*A short break*

THE PRESIDENT: Conference, please start coming to order. If you are not here when your resolution is called, because we have changed the agenda round, you are in trouble. Congress, as we have had a break, we will need to reschedule the remaining manufacturing motions and Motion 225 on Education and Training, which we will try and fit in this afternoon.

**REGIONAL SECRETARY'S REPORT: GMB SCOTLAND**  
*(Pages 128-144 of the General Secretary's Report)*

**GMB SCOTLAND**

**1. MEMBERSHIP AND RECRUITMENT**

<b>FINANCIAL MEMBERSHIP</b>	
Section Financial Membership (by each Section):	
COMMERCIAL SERVICES SECTION	10,097
MANUFACTURING SECTION	12,995
PUBLIC SERVICES SECTION	34,165
Grade 1 members	40,884
Grade 2 members	11,287
Retired, Reduced Rate & Others	5,086
Male Membership	31,082
Female Membership	26,175
Total number recruited 1.1.2010 – 31.12.2010	5,768
Increase/Decrease 1.1.2010 – 31.12.2010	103
Membership on Check-off	43,540
Membership on Direct Debit	8,955

**Response to organising agenda**

My report to Congress 2010 clearly indicated that we had not realised the growth hoped for during 2009 into 2010. Unfortunately the expected growth to date has not materialised and has led to an intense review of performance across all disciplines.

Delivery of GMB@Work training however has been successful in delivering training in the more geographical challenging areas where in the past we had poor uptake.

Continual measurement of feedback from all courses undertaken has proved very positive. Senior members of our Scottish Regional Organising Team participate in the delivery of training which adds significantly to our GMB@Work development programme.

Public Services membership within the Region has failed to grow at the rate expected notwithstanding the current Government cuts agenda across the UK; this clearly is of significant concern within the Region as during the uncertainty and insecurity of the cuts agenda we should be capitalising on recruiting and organising within Public Services.

The trend across Manufacturing has not been felt as greatly in Scotland as we have failed to grow significantly as a Nation in our manufacturing base; signs are of a slow improvement as is the case within Commercial Services.

Consolidation, combined with Regional Targets developed by officers and teams are at the heart of our message to all Officers across the Region.

Our Organising Team continues to focus on Southern Cross, Wilkinsons, schools and other areas.

Asda have two Regional Distribution Centres in Scotland situated within a mile of each other. One of these sites (Falkirk) has been targeted throughout the latter stages of 2010 with the support and assistance of the National Secretary, Gary Smith, and the continued presence of members from our

Organising Team. We are now at the time of writing hoping to move to a recognition ballot at the Falkirk Distribution Centre which we hope to have concluded prior to the Distribution National Negotiations. We have the momentum, now we need to deliver the vote.

GMB Scotland Officers have clear targets over the course of 2011 in terms of growth and our Organising Agenda. The reality of 2010 has clearly indicated our underperformance in this regard and highlighted the need to renew and re-motivate everyone to improve our membership through a new intensity and energy focusing on Recruitment and Organisation.

Having agreed a restructuring within the Region (referred to in more detail in my report) this will provide the platform for growth.

A more detailed plan of action has been laid out by myself to the Senior Organisers and their newly formed teams which they believe will provide two levels of sustainable growth we need to see in order to achieve our target figures. More Performance Measures have been implemented providing a much more accurate and up to date reference to individual and collective performance.

The General Secretary visited the newly refurbished Fountain House early December 2010 and met with Staff, Officers and Regional Committee separately. A meeting with all the Officers was open and frank during which the General Secretary with myself set out in detail what was expected from Scotland in terms of Recruitment and that he would return to the Region during April for a further review of the expected progress against the targets set.

Eamon O'Hearn Large has also been assisting myself by providing statistical analysis of the Public Sector in particular but also reviewing each of the geographical areas by Local Authority employers. This has been invaluable. A new monitoring and measuring system has now been implemented in the Region to evaluate in detail progress.

## **Recruitment Targets and Campaigns**

### **National Targets**

GMB Scotland undertook Recruitment Campaigns in the Three National Targets:

- Schools
- ASDA Stores
- Wilkinson

Not only have new members been recruited in these targets but they also have approved Shop Stewards.

### **Regional Targets**

#### **ASDA Distribution Falkirk**

Recruitment within the Distribution Centre has been very successful with 6 new Shop Stewards being elected.

#### **Southern Cross**

With the addition of many new Nursing/Care Homes this target is still proving to be very worthwhile.

#### **Water, Waste and Glass**

Successful campaigns have been started within the Water, Waste and Glass Industries in particular

- Veolia
- Viridor
- AC Yule

A Recruitment Strategy was put in place towards the end of last year which will take place within the following Local Authorities and Companies.

- Ayrshire & Arran Health Board
- Dumfries & Galloway
- Highland Council
- G4S Security
- NHS
- SGN

### **Overview of Region's Economic & Employment Situation**

At the time of writing this report recent labour market statistics have shown a small rise in employment within the Scottish economy. However this could provide a false picture as there is nothing presently within the published figures to indicate that the Scottish Labour Market will see recovery and growth during 2011.

My view in stating the above is based on forecasts of low growth which would indicate higher levels of unemployment projecting into 2012 when balanced against the current cuts within Scotland and the reduction in employee's disposable income at a time of rising prices.

Councils across Scotland have been agreeing budgets heralding savage cuts sounding the death knell for thousands of Scotland's Public Service workers putting vital services at risk which will impact disproportionately on the most vulnerable.

The SNP Scottish Government Finance Secretary, John Swinney, in setting the budget had reached agreement in principle with the 32 local authorities across Scotland.

Local Authorities were told in November of 2010 that they would face deeper cuts unless they agreed to a package of measures to extend the Council Tax Freeze for another year. This they were told if agreed would mean an average of 2.6% cut but that failure to agree would result in a 6.4% reduction.

NHS spending cuts in Scotland of some £280m as Health Boards according to Audit Scotland plan to cut 4000 jobs including 1500 nurses and midwives during 2011. It is difficult to see how this will be the end of these cuts as deeper savings will be required as both hospitals and Health Centres cope with increasing demands against the backdrop of below inflation budgets.

Scotland's NHS needs a 4%-6% rise in funding each year just to stand still, with these decisions a 0.4% increase will mean severe cuts which can only impact on patients and families, as we are aware that Health Service costs in Scotland cost more per person than the rest of the UK.

GMB Scotland falls broadly in line with the Scottish TUC's overview and response to date in that this Government is wedded to the ideological basis of previously failed economic models of low business taxation and deregulation, their failure to address corporate taxation avoidance and evasion by their supporters in the city and their complete absence of any strategy based on future growth.

This Governments focus on growth is invisible, it is however intent on further undermining the employment rights of workers in Scotland and across the UK when these rights are already substantially weaker than the developed countries. Again clearly defining their ideological position to fair employment rights.

Against this backdrop it is clear that we could be forgiven in painting a despondent and gloomy picture, yet by the very nature of this overview it presents the GMB with significant opportunity to mobilise workers across all sectors of our economy to join the GMB and organise within the workplace ensuring their collective ability to stand against the worst excesses of many employers.



The Public Sector whilst being hit hard still offers a huge potential in terms of new membership potential. This means that our membership and recruitment efforts need to be doubled to improve our poor performance throughout 2010.

Regional Teams have now been tasked with delivering higher levels of recruitment through developing targets within their geographical area of responsibility. 2011 has to see a significant improvement in performance across the Region.

#### **Bi Fab (Burntisland)**

Arrangements are in place to meet with Employers at Bi Fab's Lewis Yard for recruitment and recognition. Meeting with Management to look at permanent numbers at the Yard as there are now 700 working there of which only 120 are permanent, another 300 are expected to arrive shortly.

#### **Carron Phoenix**

The Organiser attended several meetings regarding Pay for 2010. An Offer of a 3% pay rise was made by the Employer for this year and this Offer has been accepted by the members.

#### **OCA – Aberdeen**

The Organiser attended an Offshore Contractors Association meeting regarding Pay proposals from the TU Side for 2010. These discussions are ongoing.

#### **Seganta - Grangemouth**

A meeting was held in Renfrew concerning the problem of this contract (Babcock Doosan) not being covered either by the NAECI or Company recognition procedures. After some discussion Doosan Babcock agreed that SEGANTA and all Scottish plants would be covered under NAECI.

#### **Callanders**

The pay award for this year was a 1% pay increase.

#### **Carron Bathrooms**

Flat rate of £7.77 pay rise across all the grades agreed with members. Following a Failure to Agree regarding bereavement leave, new proposals were submitted to members who agreed them.

#### **SGL**

Redundancy exercise completed, but the pressure is now on to find further savings.

#### **Balfours**

A 3% pay offer was rejected by the members. Management are looking at ways to increase the Offer. A further meeting will take place with the members to put the latest Proposal to them. Members agreed, after several ballots to accept a 3% (basic) + 1% lump sum, plus increase in overtime rate on a Sunday to 1.6.

#### **MWUK (Alexandra)**

This Company went into Administration earlier this year and were bought by MWUK Acquisitions with Dimensions having a 20% shareholding. (Dimensions were a competitor of Alexandra and were also bought by MWUK). There has been a restructuring exercise which has resulted in 23 redundancies at Bothwell Park, some of whom are our members. A wage claim is being prepared on behalf of our remaining members although it is not confident that there will be any monies available as the restructuring was a direct result of severe financial difficulties.

#### **OCA (Offshore)**

Several meetings have taken place with OCA members and National & Local Officers regarding updating of the OCA Partnership Agreement. Several companies have breached the existing Agreement regarding Terms & Conditions for our Offshore members (RGB & PETROFAC).

### **Bi Fab - Burntisland**

Failure to Agree on proposals by Management, Stage Three invoked, meeting with TU and Management resulted in a 3.4% offer along with £30K Death in Service Payment and Weekend Working Overtime rates to rise from 1.6 to 1.7 this year and 1.8 next year, this was accepted by the membership. A small number of members (who are Limited Company Status) have complained regarding a decision by Management to remove all these as from end of September 2010.

### **Wood Group Meeting**

Bi Monthly meeting held in Aberdeen to discuss various issues, no major problems. Meetings held in Glasgow, Mossmorran & St Fergus with members to discuss moving to NAECI Terms & Conditions.

### **Terex**

The Company has just won an order and as a result they intend to employ workers in the structural and assembly area. GMB expect to recruit 20/30 new members albeit on short-term contracts. Presently, the Company is completing 30 to 35 units per week and the new order will increase that number to 45 units per week. In the past the Plant produced 100 units per week.

### **RHI**

This Company appears to have stabilised with no threat to jobs at present. Wage talks are currently ongoing however, are proving to be difficult. There are two reasons for this, the first being the economic situation and the second being that the Company took over another Plant in Bonnybridge. This Plant is GMB organised and the Company wish to harmonise Wages, Terms & Conditions. The situation is ongoing.

### **Gates Power**

This Company is doing well currently and they are taking on staff. Our Shop Stewards and Convener are recruiting all new employees.

### **Defence Industry**

This report while highlighting the Defence needs within Scotland also covers a wide geographical base in relation to the effect on Manufacturing and the Economy of Scotland.

Our membership would be adversely affected if the Coalition decided to fracture parts of the Defence Industry. This would have the downside effect of creating unemployment, reducing the investment by Companies in relation to Apprenticeships/Skills, and also deny Manufacturing in general to benefit from the positive aspects of work from MOD Contracts, which in itself digresses into small and medium sized Companies within Scotland, which stabilises job security and going forward to the future would give a relatively good comfort zone for these Companies to market for potential work outside the MOD and to within the Export Industry.

### **Strategic Defence and Security Review**

The UK Government has agreed that the SDSR will be undertaken in line with three core principles of relevance, realism and responsibility to support Service personnel.

Although Defence is reserved under the terms of the Scotland Act, the Scottish Parliament has a clear locus in the economic impact of decisions made by the UK Government.

Scotland makes a considerable contribution to the UK's defence, based on unique and distinct capabilities. Each of the armed services has a strong presence in Scotland. Our defence industry builds world-leading ships and hi-tech equipment to support British forces across the World. Scotland's unique terrain offers unparalleled training opportunities that allow British troops to develop their skills and expertise. Decisions on defence policy taken in the SDSR should not lose sight of the unique aspects Scotland offers and the contribution defence operations and the defence industry make to the Scottish economy.

In the current financial climate, the UK Strategic Defence and Security Review takes on a new significance. Decisions taken in relation to defence will have far reaching consequences for economies and communities. Many areas of Scotland rely heavily on defence as a core part of their economy and will suffer significantly both economically and socially from any further significant reductions to the defence footprint or cancellations of defence contracts.

Scottish Ministers and the leaders of the main parties in the Scottish Parliament believe it is important to be involved in the Strategic Defence and Security Review. To facilitate more detailed analysis, Scottish Government will share any available socio economic data with the MoD to help ensure that decisions are informed by facts.

All parties commit to working with the MoD to use the devolved levers of science, education, training and enterprise services to add value to the Scottish defence locations. This will make Scotland good value for the UK taxpayer.

The need for a regular review of Security and Defence is understood and welcomed. It is our view however that such reviews cannot be undertaken in isolation from an assessment of their long term impact, either in terms of lost skills or capabilities, to serve future defence needs.

Scotland is strategically placed to provide considerable defence capabilities for the UK. Our deep water, easy access ports and clear skies, combined with a highly skilled and capable defence industry have the potential to be further maximised by the decisions stemming from the SDSR. Conversely, if that skills base and key defence facilities and capabilities are lost, the impact on the Scottish economy could be severe, a situation from which it would take many years to recover

### **Economic & Social Impact**

Decisions taken as part of the SDSR should consider the economic and social impact as well as being in the interests of national security.

Any decision should be underpinned by a proper economic analysis of the impact on jobs and the economy. The Scottish Government can contribute to such an analysis and we ask the UK Government to co-operate in this approach before decisions are made.

### **Local Employment**

In the current economic climate, the Scottish Government and the leaders of political parties in the Scottish Parliament believe consideration should be given to supporting the UK defence industry and the implications of defence policy decisions on areas for which defence is a core source of local employment.

### **Information Sharing & Involvement:**

It is right that Scottish Government Ministers and the leaders of the main parties in the Scottish Parliament are involved in making a factual case to inform the MoD in relation to the SDSR.

### **Setting a Precedent**

The first SDSR since 1998 should set the precedent for future reviews, by taking an inclusive and comprehensive approach which incorporates economic and social analysis and which considers the regional implications of Policy decisions, working with the devolved administrations.

### **Carrier Decision gives UK Shipbuilding an Export Edge**

The Aircraft Carrier decision is a win win situation for UK Shipbuilding and the Economy. Our image and reputation abroad will be enhanced now that the UK is once more a World Player.

The export market is extremely difficult to break though the Carriers will attract potential customers worldwide for all types of vessels. We must use this Project to our advantage.

10,000 shipbuilding jobs are now secured plus the Manufacturing Economy will benefit from the small and medium sized companies who have tendered for work protecting many thousands of jobs. The decision now firmly secures UK Shipbuilding, we must learn the lessons from the past when skills and knowledge was wasted and thrown onto the scrap heap due to a lack of vision by previous UK Governments.

Immense credit must be given to Partnership of companies within the UK and the workforce who through times of uncertainty continue to fight on.

### **Scottish & Southern Energy**

Policy Statement - SSE is committed to providing sustainable long-term employment by achieving a highly skilled and flexible workforce, capable of meeting the demands of an ever-changing external environment. In order to respond to the continually changing business environment there may be occasions when it is necessary to alter the number of staff we employ or to restructure or change the balance of skills within departments. This may be met by retraining and transferring staff but it may also involve increases and decreases in the numbers employed with particular skills.

SSE aims to manage all reorganisations by applying principles which are consistent and legally compliant and which reflect a commitment to openness, fairness, equity and consistency of treatment for all staff.

SSE are committed to, in the first instance, offering a range of measures to avoid compulsory redundancy thereby assisting those affected by organisational change ie, retraining, redeployment, reducing working hours, etc.

Process - Should circumstances arise where redundancy may be a possibility, the Company will firstly:

- Investigate whether there are opportunities for redeployment to other departments within the Company.
- Investigate whether there are opportunities to retrain employees for other area.

Redeployment - The redeployment process is intended to cater for situations where staff are deemed to be "at risk" of redundancy when they have been selected as potentially redundant. The redeployment procedures may be operated simultaneously with the redundancy procedure.

The recruitment team within HR will ascertain what current and imminent vacancies are available. These will be discussed with the individual to determine whether or not a good fit is possible in terms of location; type of work and skills. Where this is possible, the employee will be invited to an interview for the post in question.

Providing the individual is flexible on location/relocation and there is a reasonable skills match then SSE will offer at least one alternative role.

Retraining - Where a vacancies exists, or is imminent and the employee is keen to retrain for this type of alternative work, individual training plans will be drawn up for them together with their Line Manager and HR Manager. In considering whether a post is suitable alternative employment, employees are expected to show some flexibility.

Alternatives To Redundancy - There may be occasions where other options are considered, ie, reduction in hours; alteration to shift patterns, transfer to another area etc. Any and all alternatives to redundancy will be discussed with the individual to avoid making a compulsory redundancy including but not restricted to Job Sharing, Extended Unpaid Leave and Sabbaticals.

Consultation - If the need for compulsory redundancies arises, there will be full consultation with employees throughout the redundancy selection process. Employees will be notified at the earliest

possible opportunity of the reasons for the potential redundancy situation and of the Company's proposals. During the consultation exercise, full information will be provided to employees and/or their representatives about the Company's proposals and there will be adequate opportunity for employees or their representatives to respond. The Company will also enter into individual consultation with each employee provisionally selected for redundancy.

Review of the Company Agreement - Discussions have now begun in a small joint working group of the JNCC to review the Company Agreement. Two meetings of the joint working group have been held at which company representatives outlined the challenges they believe SSE will face over the next 10 years. These include the introduction of smart meters, the move to a low carbon economy and increased renewable generation, regulatory pressure on costs and the need to maintain competitive advantage in the energy supply and contracting markets.

These pressures lead the company to believe that aspects of the company agreement need to be revised. They have outlined some of their thinking and the business case for change.

The Trade Union reps of the joint working group held a side meeting to consider all the points that the company has put forward. We went carefully through all aspects of the business cases put forward and considered our response to the changes the company would like to see. We also discussed the changes we would like to see to the company agreement.

The joint working group will meet again and the Trade Unions will make a comprehensive response, although on many points our response will be to request more detailed information and evidence. It is emphasised in the strongest possible terms that nothing has been agreed at this stage nor will it until full consultation has taken place with members including individual secret ballots.

Before we make our response to the company side of the working group the trade union reps will be consulting more widely within their unions to ensure that the wider community of stewards and representatives understand the issues being debated and has the opportunity to give direction and guidance to the working group members.

### **Scottish Power**

EnergyNetworks - 2011 Pay & Conditions Negotiations - The Trade Union Side Representatives of the four recognised Trade unions met with EnergyNetworks management representatives to discuss the elements of our recent pay claim. The management team gave a detailed presentation on the regulatory and commercial performance criteria that are currently informing both their business planning and their response to our pay claim.

Union colleagues welcomed the sharing of information and the time taken by the management team to explain the background to their presentation. However, it was felt that their emphasis on cost savings and the need for greater efficiency failed to acknowledge the significant change across the business over the last twelve months.

The Trade Union Side made it abundantly clear that our members have communicated their perfectly reasonable and proportionate expectation of receiving a substantial basic pay award to reflect the rising cost of living and also rewards improved business performance and increased earnings, (already acknowledged in management's own statistics), in the face of unprecedented business change and an equally unprecedented pay freeze and below cost-of-living basic pay award in 2009/10.

Despite having already formulated a response to our pay claim, (to which the Trade Union Side stated it would recommend rejection by members), management stopped short of making a formal pay offer and requested further meetings to progress pay discussions in late January 2011.

Generation Networks - 2010 Pay and Conditions Document. A twenty one month Pay and Conditions Settlement will operate from 1 April 2010 to 31 December 2011 and applies to all staff employed in

Generation covered by the Partnership Agreement. The collective terms and conditions of this settlement will only apply to individuals who are employed by Generation UK Ltd. The next review of pay and conditions for all staff employed in Generation covered by the Partnership Agreement is due to take place with effect from 1 January 2012.

Full Settlement =

Year 1 (1st April 2010 to 31st March 2011)

Pay - All schedule salaries and flow-throughs to appropriate payments and allowances will be increased by 2.5% with effect from 1 April 2010.

Bonus Scheme - The bonus scheme will continue to be based on location or functional Balanced Scorecards. The level of bonus paid will be a maximum lump sum payment of 5% of the Business partnership salary bill (basic salary) as at 31st March 2011 payable in May 2011 as an average of the total partnership salary bill.

Year 1 bonus will be based on the 12 month period from April 2010 to March 2011, payable May 2011 (the balanced scorecards for 2010 will be used as a basis for calculating year 1 bonus).

Year 2 (1st April 2011 to 31st December 2011)

Pay - All schedule salaries and flow-throughs to appropriate payments and allowances will be increased by RPI up to 3% with effect from 1st April 2011 and will be subject to the following:

RPI:- Average RPI from January, February and March 2011 (reported in February, March and April, respectively).

Performance element:- A further amount of up to a maximum of **0.3%** will be paid subject to Key Performance Indicators (KPI's) being met.

Should the average RPI from January, February, March 2011 exceed the pay award (RPI and performance element combined) by 1%, the GPC will agree to review the % change.

### **The Future of Cockenzie - CCGT - Public Inquiry**

The Scottish Government have now announced that the application for a new gas fired power station at Cockenzie will be heard at a public inquiry. The Directorate for Planning and Environmental Appeals (DPEA) have now been asked by Ministers to hold a public inquiry. The Scottish Government will transfer to DPEA all representations made to Ministers so far, including 37 public representations. The inquiry will be limited to consider areas where East Lothian Council objected.

The inquiry will therefore consider:

- Cumulative impacts on the environment
- Transport
- Noise and air quality
- Combined heat and power

Following the public inquiry, a report and recommendation will be passed to Ministers for a final decision on the application. Though disappointed with this decision, ScottishPower will continue to pursue our application through the public inquiry process.

### **British Energy**

Reps Meeting – Hunterston - A report was given on the background to the 2010/11 wage negotiations and the reasoning behind the two stage offer which was preferable to a lump sum payment. It was explained that in view of the company generation issues at a number of stations it was the best achievable in negotiation and that the membership had endorsed that view by a positive ballot. Positive comment was made by the reps on the wage offer and that all locations should push for replacement

staff before our members retire to ensure full establishment strength without allowing the contractorisation of the workforce by default.

A discussion took place on the nuclear issue in Scotland with a view that the Scottish Government will have to recognise the contribution made by nuclear towards base load generation and to move towards a more balanced energy policy in the future.

Comment was made on the FUSION system replacement for PMIS in existing nuclear with the move to a 21<sup>st</sup> of the month pay date, electronic pay slip and a greater involvement by staff in managing their work and financial arrangements. More details and training will become available later this year with a view to implementation in early 2011.

NJIT - A report was given on the work of the NJIT in dealing with competency models and harmonisation in policy procedures such as disciplinary and sickness within the previous companies.

### **Membership Reports**

Hunterston- An increasing membership with discussion on issues such as level 3 monitors, changes to the role of ATLS within the day maintenance dept and the absence of a technical leg within ESG.

Hartlepool- An increasing membership in which the good generating performance of the station was emphasised. Concerns raised regarding grievance and capability issues and reference was made to the successful re-employment of a dismissed member of staff.

Dungeness- An increasing membership in which union activities outside the workplace were also bringing in new members. Comments made regarding station and TSG performance with issues relating to disciplinary action on sickness and conduct.

Torness- Highlighted the issues surrounding station and TSG performance. Noted that the union branch had been restructured and were starting to recruit new members.

Sizewell- Noted that we had no membership left at this station which could be related to not having a shop steward/staff representative available on site.

East Kilbride- Noted that organisation changes within the company were causing concern to our staff and those on agency and personal contracts.

### **EDF Energy**

Potential Sale Of Network Business - Joint Statement – TU Side.

Concern has been expressed on behalf of the members regarding the potential sale. We have worked constructively over many years with the management team led by the CEO Vincent de Rivaz, to support the creation of EDF Energy in the UK. It is extremely important to us and our members to know that we played our part in this achievement. EDF Energy is a diverse Energy Company capable of leading the UK's drive for sustainable and competitively priced energy. Our strongly held view is that the Network Business is an integral part of EDF Energy and if sold, could compromise this achievement.

It was made clear that we are not making this point to the company in any threatening way; if a decision is taken to sell the Network Business we will continue to work constructively with the EDF Energy's management team. However, we believe for sound commercial reasons that the Network Business should not be sold and the following represents some of these reasons:-

- The present economic recession is not the right time to sell this business.
- The Network Business projects the EDF brand on their transport to the general public and this gives invaluable support to the Retail Business particularly in the South East of England which is their customer base

- The Network Business delivers steady financial earnings to EDF Energy. Indeed, the Network Business is the current significant income stream for EDF Energy.
- The Network Business has a very highly skilled, professional engineering work force that can and will face up to the challenge of DPCR5.

For all of these reasons the Trade Unions would urge the company not to sell the Network Business and to take same off the market as soon as possible. This would allow the entire workforce and management to focus on getting the very best out of all the businesses that make up EDF Energy. The Trade Union Side understand that the financial debt of EDF has to be addressed and needs to be reduced, but would urge other actions are taken to achieve that outcome. In the view of the Trade Union Side it would be a mistake to risk compromising EDF Energy in the UK by selling the Network Business.

### **Gas**

The energy regulator, OFGEM, has published its final position paper on the treatment of pension costs for the current price control period, DPCR5 which runs until March 2015. The work done by GMB in conjunction with the other unions, the Pension Regulator and some scheme Trustees has succeeded in heavily containing OFGEM's attempts to demand cuts to pension schemes in the gas and electricity sectors.

This final statement of OFGEM's approach to pension costs during this price review period reflects the conclusions they reached at the end of 2009. The main purpose of this document is to outline what OFGEM intends to do for the future.

What OFGEM intends to do for the future is impose a heavy burden of additional bureaucracy and regulation onto the sector's pension schemes which will involve greater administration costs at the very least. It is to be assumed that the employer will have to pay for the extra scheme valuations, reports and analyses that OFGEM will demand. GMB would certainly query any decision by the schemes themselves to fund these unnecessary investigations from the pension funds themselves.

It remains OFGEM's intention to benchmark pension and other employment costs and to monitor schemes' investment performance, deficit repayment plans and PPF levy bill among other areas. If the industry regulator decides that a scheme is not being run as efficiently as it believes it should be, they reserve the right to amend the amount of pension cost the sponsoring employer is allowed to pass on to the consumer. As GMB has said clearly on many occasions, we see no justification for the view that OFGEM are better qualified to judge the efficiency of a pension scheme than the Trustees whose responsibility it is to ensure proper management of pension schemes in line with pension legislation and the Pension Regulator's requirements.

Despite the increased administrative burden OFGEM intend to create there is no indication that they have identified one penny in potential savings for consumers through this approach. It is also questionable how the industry regulator's approach ties in with broader government policy. The coalition government has been forthright in its criticism of over-regulation and in GMB's view, OFGEM's approach is a classic example of unnecessary interference by a regulator in an area where there is no need for it to be involved and indeed its involvement is much more likely to cause harm than result in any benefit to anyone.

We remain vigilant to OFGEM's efforts to attack good quality pension schemes in the energy sector and GMB will continue to seek to focus OFGEM's activities on areas that will benefit the sector and the consumer, not interference for its own sake.

### **Public Services Section**

2010 was another busy year for the Public Sector in Scotland and right at the outset GMB Scotland would wish to thank Branch Secretaries, Shop Stewards, and Organisers who have been involved in



some really difficult discussions on behalf of members and at all times have endeavoured to maintain our members Terms and Conditions and where possible have used every opportunity to improve the living standards of GMB members.

Negotiations on Pay Nationally in Scotland have proved as difficult as other parts of the UK. Members working in the NHS received last April the same settlement as the rest of the UK with a freeze on Pay in 2010 for all those above £21,000 and a flat rate increase of £250 for those below that figure.

GMB members in Local Government had a three-year Pay Policy imposed on them by the Employers' Group, COSLA. This gave a 0.65% increase in 2010/11, and had a wage freeze in the next two years ending in March 2013 and no signs that matters would change even then. In response to this GMB Scotland carried out a survey of what were the important priorities over the next few years. That survey identified Job Security, safe and secure Pensions, maintaining existing Terms and Conditions, and Pay as the top four priorities. GMB Scotland has used this to share our Bargaining Agenda through the difficulties we are encountering due to the Budget reductions in Local Government.

The Scottish Government Budget Proposals saw a reduction in Local Authority Budgets of 2.6% this was less than expected with Councils expecting a larger reduction in their Budget allocation. This however has not changed the number of jobs at risk and with over 15,000 jobs at risk we will have a difficult task in avoiding Compulsory Redundancies.

At the time of writing this report we can say we have successfully removed the risk of Compulsory Redundancies in some of the high risk Councils and it is hoped this good work can be repeated throughout all of the Public Sector Organisations in Scotland.

While times have been difficult in terms of pay uplifts and budgets GMB Scotland has continued to eradicate Low Pay and while National negotiations we have now been successful in a number of Councils in introducing a living wage of £7.15p and our work will continue in this area until we have every Council, and every Health Board signed up to a living wage.

The work on Equal Pay continues within the Region. GMB Scotland has given evidence at the Finance Committee and the Local Government & Communities Committee of the Scottish Parliament where we were successful in getting the Government to make money available to Local Government to deal with the Equal Pay issue. Despite this, progress has been slow with discussions on Settlement Offers being restricted to 10 of Scotland's 32 Councils for the original Equal Pay claims that were lodged. As these discussions continue with these Councils and the others who have not yet made any Offer to settle GMB Scotland continues to lodge Second Claims in all Councils for the period of Protection under the Single Status Agreement where Bonus payments have been included in the Protection arrangements.

GMB Scotland has also been involved in discussions on the changes to Public Sector Pensions. GMB Scotland representatives have given evidence on two occasions to Lord Hutton's Enquiry into Public Sector Provisions. Discussions are also taking place with the Scottish Government on the Pension Scheme that come under the auspices of the Scottish Parliament, which for the majority of our members is the Local Government Pension Scheme. These discussions are at an early stage with the Scottish Government asking the Unions if they would look at a difference contribution arrangement. Further clarification will be sought on this matter to see if it would be advantageous to our members.

GMB Scotland's Public Sector will continue to rise to the challenges that face our members throughout this year and through these endeavours seize on all opportunities to improve our Organisation and see membership growth.

## 2. GENERAL ORGANISATION

Regional Senior Organisers	3
Membership Development Officers	-

Regional Organisers	13
Organising Officers	6
No. of Branches	163
New Branches	4
Branch Equality Officers	35
Branch Youth Officers	0

Recent discussions within the Region and a review of current practices have resulted in a number of organisational changes in terms of structure.

We have not restructured on a geographical basis across Scotland and in doing so created three teams as follows:

- Northern Team
- Eastern Team
- Western Team

Each of the above headed by a Senior Organiser.

This has been driven by a strong belief by the Seniors that this approach would enhance our approach to the Organising Agenda, GMB@Work and provide more resource intense opportunities for a significantly improved level of performance focused on recruitment and growth strategies.

This is linked in with our Educational delivery programme which ensures a clear linkage between growth , education training and development of workplace organisers ensuring a sustainable workplace organisation with well trained and skilled groups.

Our Northern Team is operated from our Dundee Office while both our West and East Teams are managed from Glasgow.

Again, organisationally they are all linked to the Scottish Regional Organisation Team who are dedicated to membership growth.

The SCOT (Scottish Regional Organising Team) work closely with the three teams on Regional Targets in addition to their focus on National ones.

2011 will be a critical year going forward where these changes will need to deliver strategic growth within the Region so that we make our contribution to the excellent results being achieved Nationally.

We have recently reorganized our Sports Section which is now focusing on Managers and Coaches as a means to leverage access to the football grounds where many people are employed.

Recent successes by the Sports Officer, in winning dismissal appeals for Scottish Football Association employees has provided growth at the heart of the Football Association in Scotland which will support our development.

### 3. BENEFITS

Dispute	12640
Total Disablement	4000
Working Accident	3792
Occupational Fatal Accident	-----
Non-occupational Fatal Accident	850
Funeral	38150

#### 4. JOURNALS & PUBLICITY

The Region continues to produce and respond to publicity on an ongoing basis through a range of communications and publicity.

Working with the STUC on a number of issues across all of the affiliates continues to produce a profile however this is by no means our key means of publicity but adds value to our overall image and profile as one of Scotland's main Trade Unions.

GMB Scotland receives significant media attention through the involvement across 32 local authorities in Scotland responding to the current Cuts Agenda across the Public Sector and robustly in terms of Equal Pay.

GMB Scotland are involvement with Women's Aid in partnering with them on the "Just Say No" Campaign which was launched in the Scottish Parliament.

Our campaign in the Scottish Parliament on keeping Scottish Water from privatisation and our successes in campaigning against the Forestry Commission gained significant coverage.

Publicity materials continue to be successfully used by our Regional Organising Team in promoting GMB@Work in their Organising and Recruitment.

Insight, GMB Scotland's magazine continues to be well received and well read by our membership across all sectors providing an overview of National and Regional news.

GMB Scotland played a major role in the Rally held in Edinburgh prior to the end of 2010 where Scottish Civic Society led by the Scottish Trade Union Congress with GMB Scotland's Pipe Band took to the streets to demonstrate against the Con-Dem Government's savage cuts to the UK Economy.

The Region ensures a continuous flow of Branch circulars during the course of a year bringing Scottish and National campaigns to the attention of our membership.

We continue to have major coverage by the media in Scotland which was seen during the fiasco over the Aircraft Carrier procurement.

We continue to play a lead role on any issues regarding the Scottish Whisky Industry and in other areas such as Asbestos matters.

We continue to ingather email addresses for all postholders for direct contact providing speedier mailings and reducing costs.

The release of National research information to the media covering a whole range of issues continues to have a significant impact in terms of media contact.

#### 5. Legal Services

##### (a) Occupational Accidents and Diseases (including Criminal Injuries)

Applications for Legal Assistance	Legal Assistance Granted
451	451

Cases in which Outcome became known

Total	Withdrawn	Lost in Court	Settled	Won in Court	Total Compensation
431	120	0	311* £4,503,738	2 £7,339	£4,538,577
Cases outstanding at 31.12. 2010		746			

\* 236 of which were settled after court proceedings were raised

(b) Employment Tribunals (notified to Legal Department)

Claims supported by Union	2,903*
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\*of which 2,775 are new equal pay cases and the rest are fixed fee or multiple claims.

Cases in which Outcome became known

Total	Withdrawn	Lost in Tribunal	Settled	Won in Court	Total Compensation
551	10	0	538	3	£637,392
Cases outstanding at 31.12. 2010		*8,823			

\*149 fixed fee and 8,674 equal pay (this includes some multiple job claims for single members).

(c) Other Employment Law Cases

Supported by Union	Unsuccessful	Damages / Compensation	Cases outstanding at 31.12.2010

(d) Social Security Cases

Supported by Union	Successful	Cases outstanding at 31.12.2010
8	*2	4

\* out of 4 appeals held. Total "benefit gain" is £10,769

**Occupational Accident & Disease**

Although damages recovered in 2009 was the highest total for several years, this year's total of £4,538,577 represents a significant improvement, bolstered, in no small part by a successful litigation resulting in recovery of £1.5M for a Glasgow City Council worker who suffered spinal injuries in an accident at work in 2005.

76% of all successful cases were brought to conclusion after raising Court proceedings.

This year also saw a rise in the total number of applications for legal assistance to 451. This reverses the trend of recent years, and suggests that last year's low figure of 324 was perhaps a "blip" rather than the beginning of a significant acceleration of a downward trend.

**Equal Pay**

2010 saw more Councils entering into negotiations with the GMB to resolve what are termed "First Wave" Equal Pay claims. Some settlement has been achieved in Fife, North Ayrshire, South Ayrshire, North Lanarkshire and Moray Councils. The negotiations with Glasgow City Council are moving very

slowly. Other Councils such as Falkirk are at very early stages of negotiation. Generally 2010 could be classed as a step in the correct direction. There remains, however a willingness on the part of Respondent Councils to take all possible preliminary points to delay payment of First Wave claims where at all possible.

#### **Claims for post single status bonus protection periods**

There have been a large number of Second Wave claims lodged throughout 2010, of the order of 2,775 individual cases. Learning from the experience in First Wave claims there have been far fewer challenges to these claims on a preliminary basis. However, due to the burden of First Wave claims on the Employment Tribunal system, the progress of these newer claims is very slow. It is highly unlikely that any of these cases will be proceeding to a full hearing's until 2012. Some Councils are seeking to include Second Wave claims in their settlement proposals but many are not.

#### **Settlement of Equal Pay Claims in 2010**

Our employment Solicitors continued to settle Equal Pay Act claims on a weekly basis and in 2010 recovered a total of £319,302 in equal pay compensation for GMB members in Scotland. This included the resolution of the majority of cases in the First Wave in Fife and in Moray Councils.

#### **Other Employment Cases (Non Equal Pay)**

GMB Scotland referred a total of 111 new Employment Tribunal cases to our Employment Solicitors in 2010. In the same year, 106 GMB supported Tribunal cases concluded. 79% of the concluded cases were settled or succeeded following a Tribunal Hearing with a total sum of £ 318,090 recovered in compensation for GMB members.

#### **Total Compensation Recovered for GMB Members in Employment Tribunal Claims**

Total compensation recovered for all GMB supported Tribunal claims in 2010 was **£ 637,392**

#### **Setting Up of Employment Advice Surgeries for Organisers**

In 2009 GMB (Scotland) created a scheme to provide legal, industrial and practical support to Organisers dealing with matters which may result in Tribunal proceedings being lodged. Organisers are attended upon at Advice Surgeries by an experienced Employment Solicitor and telephone appointments are arranged for those Organisers located out with the central belt. **This year has seen the scheme go from strength to strength.** The take up by Organisers has been an average of 14 Organisers attending each session with a further two to three Organisers obtaining assistance by telephone. The scheme has resulted in a closer working relationship between the individual Organisers and Digby Brown. It has seen no cases supported by GMB in 2010 resulting in a costs order and fewer cases (ten) being advised to members as being unsuitable for legal representation after the initial Protocol meeting. Overall the understanding of what is and what is not a suitable case for GMB legal assistance has significantly increased.

#### **Welfare Rights Cases**

There were two successful benefits appeals in 2010 out of a total of eight cases supported by the Union, with four of those cases currently outstanding. Many of these appeals have limited prospects of success as they are for Industrial Injuries Disablement Benefit which is very prescriptive and often a claimant may not fulfil the strict eligibility criteria. The overall benefit gain for GMB members we have represented at Benefits Appeal Hearings in 2010 is £10,769. This figure represents the amount of arrears awarded to each member as a result of a successful appeal, for a 12 month period. This is a standard measurement. The actual amount of total benefits awarded as a result of a successful appeal may greatly exceed this sum as the benefit awarded usually persists for significantly longer than one year only.

#### **Extended Legal Services**

The GMB Law scheme continues to provide members and their families in Scotland with 24 hour access to the whole range of extended legal services, for advice or representation, either free of charge (such

as free will for GMB members) or at reduced legal rates. In 2010, over 400 members or family members have taken advantage of the scheme.

### **The Outlook for 2011**

The significant adverse weather conditions at the beginning and end of 2010 have prompted us to analyse the quality of generic and job specific risk assessment by employers for workers, such as home visitors, carers or refuse collectors, exposed to risk of injury in the performance of their duties, and many employers have been found wanting. Litigation of such cases is likely to significantly increase in the coming year, and this will hopefully lead to an improvement in reasonable health and safety standards for workers in the public sector carrying out essential services in dangerous conditions.

The ongoing Equal Pay claims fight will continue. 2011 is likely to see a further large number of cases resolved, at least for the period up to pay protection post single status implementation.

In the current fashionably austere political climate, there are likely to be more cases involving redundancy, protective awards and insolvency issues, until the economy begins to pick up again, or until there is a change of government.

## **6. EQUALITY & INCLUSION**

GMB Scotland held its first Regional Equality Conference on 14 May 2010. The Conference was chaired by Emma Ritch, GMB Scotland's Representative on the National Equality Forum.

Kamaljeet Jandu, National Equality & Inclusion Officer, was one of our key speakers as were speakers from mainstreaming for LGBT Youth Scotland, Show Racism the Red Card and the Conference was opened by the Regional Secretary.

The Conference was well attended and proved very successful with four workshops being held in the afternoon which were:

- Show Racism the Red Card
- Scottish Women's Aid
- LGBT
- Scottish Pensioners Forum

Conference elected 14 members to the new Regional Equalities Forum.

The Regional Equality Forum are very active in many areas of our Equality Strands with members attending Young Member Schools and nominating delegates to STUC Black Workers Conference, STUC Disabled Workers Conference.

Reg Regional Equality Forum agreed that Emma Ritch would continue as our National Equality Forum Representative this was endorsed by Regional Committee in October 2010.

Training courses are currently being developed for Branch Equality Officers on a number of equality and diversity issues during 2011.

The ethnic break down of the Regional Equality Forum is:

White British	3
White Scottish	2
Black African	1
Other	1
Unspecified	7

The ethnic breakdown of the Equality Conference was:

White British	1	5.25%
White British /English	1	5.25%
White British/Scottish	1	5.25%
White Scottish	13	68.50%
White Other	1	5.25%
Black African	2	10.50%

## 7. TRAINING

(a) GMB Courses Basic Training					
	No. of Courses	Male	Female	Total	Total Student Days
5 Day Induction incorporating 2 Day GMB@WORK	11	88	24	112	560

(b) On Site Courses (please specify subjects)					
	No. of Courses	Male	Female	Total	Total Student Days
5 Day Induction incorporating 2 Day GMB@WORK (Security Industry)	1	11	1	12	60

(c) Health & Safety Courses (please specify subjects)					
	No. of Courses	Male	Female	Total	Total Student Days
GMB 3-Day Risk Assessment	4	37	12	49	147

(d) Other Courses (please specify subjects / weekdays/ weekends)					
	No. of Courses	Male	Female	Total	Total Student Days

(e) TUC (STUC & ICTU) Courses					
	No. of Courses	Male	Female	Total	Total Student Days
All TUC Courses					
Health & Safety Stage 1 (10 Days)		13	9	22	220
Health & Safety Stage 1 (online) (26 Days)			1	1	26
Next Steps for Safety Reps (10 Days)		6	2	8	80
Union Reps Stage 1 (10 Days)		4	2	6	60
Union Reps Stage 1 Online (26 Days)		1		1	26
Stepping Up – Advanced Course for Union Reps ( 10 Days)			1	1	10
Diploma in Occupational Health & Safety (36 Days)		2	1	3	108
Union Learning Rep Stage 1 (6 Days)			1	1	6
Risk Assessment (3 Days)			3	3	9

Computing Stage1 (10 Days)		1		1	10
Getting ready for E-Learning (4 Days)		1		1	4
Working with Providers (5 Days)			1	1	5
Disability Champions (5 Days)		1		1	5
Accident, Investigating & Reporting (5 Days)		1		1	5

## 8. HEALTH & SAFETY

The Regions work on Health and Safety has been very much based on a strategy of integration of Health and Safety being key to our Organising Agenda as we go forward.

This has meant that rather than one person leading on Health and Safety all Organisers now from Recruitment through to Workplace Organisers initial support training and specific Health and Safety courses there is no divisions between the roles as they are all inclusive and takes into account the holistic overview.

Dedicated courses have also been run within both employers company premises and at local colleges. Feedback from these have been excellent, again part of the delivery of Health and Safety Training has been to ensure that our representatives clearly get Health and Safety being part of GMB@Work and not at odds with it as has been seen previously across the Region.

Asbestos has and will continue to be a key area in which we have worked with local action groups in promoting awareness and the fight for justice in mesothelioma cases through the Scottish Parliament.

Health and Safety remains a vital component in our Organising Agenda within the Region and will continue to do so.

More of our Health and Safety Reps have taken on higher levels of training to increase their qualifications which have been good for the individual and the Region in creating a wider network of highly trained and skilled reps.

*(Adopted)*

THE PRESIDENT: I call Harry Donaldson to move his report, pages 128-144.

BRO. H. DONALDSON (Regional Secretary, GMB Scotland): Formally move.

THE PRESIDENT: I will go through the pages of the report. Pages 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143 and 144.

Do you agree to accept the report, Congress?

*The Report of the Regional Secretary, GMB Scotland, was ADOPTED*

### **POLITICAL: LABOUR PARTY COMPOSITE 19 (Covering Motions 195 and 196)**

195. THE LAWFUL INDUSTRIAL ACTION (MINOR ERRORS) BILL (*Yorkshire & North Derbyshire Region*)

196. LAWFUL INDUSTRIAL ACTION BILL (*London Region*)



## **THE LAWFUL INDUSTRIAL ACTION (MINOR ERRORS) BILL**

This Congress deplores the fact that the majority of Labour MPs, including many GMB sponsored MPs, failed to support John McDonnell's Lawful Industrial Action Bill despite this winning the unanimous support of the TUC at their 2010 Congress. Congress is also concerned that many of our sponsored MPs fail to support GMB policies when debated in Parliament. Congress instructs the CEC to carry out a review of our sponsored MPs voting records over a 6 month period of Parliamentary activity and to prepare a report for next year's Congress.

This Congress notes:

1. That this bill initiated by John McDonnell MP was aimed at reducing the ability of employer's to bring injunctions against unions that have attempted to follow the extremely complex and technical balloting procedures for official industrial action.
2. That the bill failed to progress in the Commons following dirty parliamentary tactics employed by the Tories and a lack of support from Labour MPs.
3. Only 100 MPs were required to vote for the Bill in the Commons to enable it to get through its Second Reading Stage.
4. Only 87 MPs felt the right to a democratic vote was important enough to stay behind in Westminster.
5. That significant numbers of GMB sponsored MPs did not vote for the bill.

This Congress believes:

6. That the method of talking-out a Bill to ensure there is no time for a genuine debate denied the democratic debate of the Bill and ensured the voice of workers' was once again silenced by the House of Commons.
7. That the real crime on the day was not the filibustering techniques of the predictable Tory MPs, but the failure of the Parliamentary Labour Party to support this mild, modest and moderate Bill.
8. That any GMB sponsored MP should have supported the bill as a matter of principal and in support of the aims of the GMB.

This Congress resolves:

9. To ask the CEC to consider withdrawing future support from any GMB sponsored MP who refused to support the bill.
10. To request that GMB sponsored MPs who obtain the opportunity to put forward an early day motion, put forward a bill consistent with the Lawful Industrial Action (Minor Errors) Bill at the earliest appropriate time.

*(Carried)*

**BRO. J. JACKSON** (Yorkshire & North Derbyshire): Conference, I move Composite Motion 19 – The Lawful Industrial Action (Minor Errors) Bill. This Bill, put forward by John McDonnell MP, was aimed at reducing the ability of employers to bring injunctions against unions trying to follow extremely complex and technical balloting procedures for official industrial action. A good example was British Airways. Sadly, there was a lack of support from Labour MPs. It would have taken only one hundred MPs to vote for the Bill for it to go to the next stage. Unfortunately, only 87 deemed fit to vote. Many of those were GMB sponsored MPs who did not vote. This lack of

support by Labour MPs was the main reason that this mild and moderate Bill failed. I would ask, through Congress, for the CEC to consider withdrawing any future support from any GMB sponsored MP who refused to support this Bill. *(Applause)*

Secondly, once again, I request that GMB sponsored MPs who have the opportunity to put forward an Early Day Motion, put forward a Bill consistent with the Lawful Industrial Action Bill at the earliest opportunity. I move.

BRO. R. POLE (London): Congress, I second the composite motion on The Lawful Industrial Action (Minor Errors) Bill. Comrades, at nearly all levels within the GMB, individual members, branch meetings, regional councils and Congress, there is agreement that this country has some of the most Draconian anti-trade union laws and there is an urgent need to repeal them. The one area in GMB where this does not seem to be a priority is among a large section of our sponsored MPs who, despite the CEC beseeching them to support John McDonnell's Bill, failed to do so in droves. This is shameful.

We, currently, sponsor over 80 MPs. I have their names on a list *here*. I also have the names of the Labour MPs who supported the Bill and those who did not. There are many GMB sponsored MPs, regrettably, on this second list. I am happy to share this information with any of you. This Bill was not revolutionary. Even two Tories voted for it. It was mainly minor tinkering to the unjust laws. How could so many of our representatives let us down so badly? This resolution asks the CEC to seriously look at withdrawing funding to these people, but it also asks for a review and report for next year's Congress so, if needs be, we can make the appropriate decisions.

The support, both politically and financially, that GMB gives to the Labour Party is second to none within the trade union Movement. My branch believes it is pay back time. If you can't support the most basic elementary policies of this Union you don't deserve or are worthy of our support. Congress, pass this composite motion unanimously, please. *(Applause)*

THE PRESIDENT: Thank you, Dick. Does anyone else wish to speak? *(No response)* Congress, the CEC are supporting Composite 19. All those in favour, please show? Those against? Carried.

*Composite Motion 19 was CARRIED*

### **ADDRESSES BY JOHN HENDY QC and PROFESSOR KEITH EWING (Institute of Employment Rights)**

THE PRESIDENT: Congress, this morning we welcome John Hendy QC and Professor Keith Ewing from the Institute of Employment Rights.

John Hendy QC, who is a leading barrister on employment law and, in particular, collective labour law, was instrumental in preparing the Trade Union Freedom Bill. John has represented GMB members, notably in a successful victimisation case in the House of Lords.

Professor Ewing is Professor of Public Law at King's College, London, and President of the Institute of Employment Rights. He is also Vice President of the International Centre of Trade Union Rights. They will be speaking on trade union rights.

Please give a warm welcome to John and Keith and I ask them to address Congress.  
*(Applause)*

MR. JOHN HENDY QC: Thank you, President and Congress. Thanks for inviting the Institute of Employment Rights. We are very proud of the work that the Institute has done with the GMB and we are even prouder to be speaking to you this morning.

I want to speak about the right to strike, which Mr. Cable mentioned earlier. Before I do so I would like to say something about the Government's proposals to reduce workers' rights, which are dealt with in Composite 6, which you are going to debate later on. As you heard, Mr. Cable told you this morning that it was necessary and proportionate that workers' rights should be changed, but he did not explain why!

Let us just remind ourselves of some of the changes that are to be introduced. The qualifying period for unfair dismissal is to be increased from the current one year to two years. There are to be limits on compensation for discrimination claims. They are going to get rid of the wing members in many employment tribunal cases. They are going to make costs applications easier. There is going to be less information and consultation. No doubt, as sensible trade unionists, you appreciate why these things are a very good idea! *(Chuckling)*

But for those of you who were not persuaded by Mr. Cable's assurances this morning, I have brought along with me the latest Employment Tribunal and EAT statistics, which were published last September, for the year 2009 to 2010. I think you will find that the information in those statistics will show you why it is that the Government and employers press so hard for these changes.

Let's just take unfair dismissal. The change from one year to two years will exclude three million workers from unfair dismissal protection. Let's just see why that is a necessary step. Last year, there were 50,900 claims involving unfair dismissal. Most of them were settled, withdrawn, dismissed or struck out, but 10,900 proceeded to an employment tribunal hearing. Of those, 5,200 were successful. That is 10% of the claims lodged. Of those, no award was made in 2,200 cases. That means that 42% of winning cases got no remedy! 2,900 cases resulted in compensation. Do you know what the median award of compensation in unfair dismissal cases last year was? I will tell you. It was £4,903! The primary remedy for unfair dismissal is reinstatement or re-engagement. Do you know how many successful reinstatement and re-engagement orders were made last year? Six! Six out of 5,200 winning cases! Six out of the 50,900 unfair dismissal cases that were brought! That is 0.0012% of winning cases, or 0.00012% of cases lodged. In other words, your chances, if you win an unfair dismissal claim, of getting a reinstatement or re-engagement order is 100<sup>th</sup> of 1%.

What about the capping of the discrimination awards? Let me give you some statistics from last year about that. There were 150 successful sex discrimination cases last year. The median award was £6,273! There were 73 disability claims last

year. The median award was £8,553! There were 68 successful race discrimination claims. The median award was £5,392! There were 28 age discrimination claims which were successful, with a median award of £5,868! There were 15 sexual orientation claims which succeeded. The median award was £5,000! There were seven successful religious discrimination claims with a median award of £5,000!

That makes 341 successful discrimination claims, and that is the reason why this Government believes it is necessary to limit compensation in discrimination claims! That is 341, I may tell you, out of 227,000 employment tribunal cases dealt with last year! I am sure that persuades you of the pressing needs for these proportionate changes to be made. Anyway, I digress, President. I came here to speak about the right to strike, so I should speak about that, shouldn't I?

Mr. Cable threatened you this morning that if you have the temerity to take strike action to defend yourselves against this Government's attack on working class people, he will tighten the law against strikes. If you are all good boys and girls he will leave you with the luxurious right to strike, which he described as a "fundamental principle" as bequeathed to you by 13 years of Labour government.

Let me just describe that right to strike which the Court of Appeal, in a recent case, described as "no more than a mere slogan". For the individual worker all forms of industrial action are in fundamental breach of the contract of employment, for which you can be sued. You can have your pay deducted; in fact, greater pay than you would have earned if you had not gone on strike. You can be disciplined. Any non-contractual benefit can be withheld and, above all, you can be sacked! True it is that there is an unfair dismissal protection for the first 12 weeks of lawful industrial action, but let me remind you again that your chance of being reinstated or re-engaged, if you succeed in a claim for unfair dismissal for being sacked whilst on strike are 100<sup>th</sup> of 1%, even if you win the case.

For trade unions every form of industrial action, called or supported by a trade union, is unlawful. There is statutory protection against some forms of unlawfulness, but only if the union goes through all the hoops and hurdles of ballots and notices. It is still practically impossible to call lawful industrial action, and the bigger the industrial action the more difficult it is.

Composite 19 speaks about the Lawful Industrial Action (Minor Errors) Bill, which I had the honour to draft for the TUC with John McDonald, which as we know failed. The irony is that two months ago I won a case in the Court of Appeal on behalf of RMT and ASLEF and the Court of Appeal gave us the same benefits that the Lawful Industrial Action (Minor Errors) Bill would have given us. The Court said: "Not every trivial accidental failure will lose a trade union's protection." What we could not get from a hundred Labour MPs we were granted by the Court of Appeal. What an irony that is!

Of course, it is not just the ballots and notices that cause the problems. Some forms of industrial action are absolutely banned. I know you have a motion about section 127, which prohibits certain workers in the security industry from taking industrial action and, therefore, the right to strike. The legislation bans all forms of industrial action in

the Prison Service. But the most important bar is that no form of sympathetic action in this country is permissible at law. We have an absolute ban on secondary action.

This state of affairs is not just unfair, it is not just the reason why unions are so severely hampered in defending the interests of their members and the working class, but it is also in breach of international law, international treaties ratified by the United Kingdom and binding on it. They are treaties which expressly guarantee the right to strike. That is not just my opinion, or Professor Ewing's opinion. These are confirmed by judgments of the International Labour Organisation and the Judicial Committees of the European Social Charter of 1961 and the International Covenant on Economic Social and Cultural Rights of 1966. A right to strike is accepted by the European Court of Human Rights as an aspect of the European Convention on Human Rights.

If you want a taste of what the international bodies say, let me quote to you last year's report on the European Social Charter. I will quote just three sentences, President: "The Committee concludes that the situation in the United Kingdom is not in conformity with Article 6.4 of the European Social Charter on the following grounds: (1) The scope for workers to defend their interests through lawful collective action is excessively circumscribed; (2) The requirement to give notice to an employer of a ballot on industrial action in addition to the strike notice that must be issued before taking action is excessive. (3) The protection of workers against dismissal when taking industrial action is insufficient." Those breaches of international law are the reasons why RMT and Unite have both lodged applications complaining about the present state of the law to the European Court of Human Rights.

Now Mr. Cable threatens you with yet further repressive laws, sign-posted by the "RAB Bill" last month and by the CBI. The requirement is that the union obtains not just a majority in the ballot but a majority of the entire workforce balloted. In other words, every abstention will count as a 'No' vote, which, if applied to a Parliamentary election, would mean that this Government would fall and the Liberal-Democrats would be wiped off the map. *(Applause)* If that happens, I propose to speak to your General Secretary about a legal challenge, since it is plain that any further legal restriction will be a further breach of international law. We should consider the possibility of a judicial review if Mr. Cable introduces these changes. However, long before that happens, I suspect that the members of this Union and the members of the rest of the trade union Movement will have an industrial response for Mr. Cable.

President, conscious, as I am, of the limited contribution that sympathetic lawyers can make, I pay tribute to this Union and the fight that it intends to put up against the vindictive and vicious measures that this Government is taking to making the working class pay for the crisis that the bankers brought about. Thanks for listening. *(Applause)*

THE PRESIDENT: Thank you, John. As you are aware, this Union's policy is employment rights from day one. We have never moved from that and that is the campaign that we will continue. If it is wrong in the first year, it has got to be wrong in the first day. Employment rights for all from day one. *(Applause)* Keith.

PROFESSOR KEITH EWING: Thank you very much, Mary. Good morning, Congress. Thank you very much for allowing me to address you today. I am going to speak about what we heard from Mr. Cable earlier this morning. Clearly, industrial action is a very hot topic. I heard what he said and I read the spin in the press. It is in all the newspapers this morning. It seems to me that the crackdown has already started and that Mr. Cable has been sent to Brighton by Mr. Cameron to start banging heads together, to wave, very politely, his departmental truncheon. Next time it may not be quite so polite.

So we all know what the agenda is. John pointed it out very clearly. We have a number of right-wing think tanks which have been very busy in recent years. We have the business lobby, including the CBI last week, at its annual dinner, and we have right-wing Tory Backbench MPs, as well as the London Mayor, who are all clamouring for a change in the law relating to industrial action.

What all of them want is to say that if you take strike action it will not be enough that the action is supported by a majority in a ballot. What they want to see imposed is an additional threshold which means you can only take strike action if half of those eligible to vote actually vote in favour of the strike, or in some cases of at least 40% of those eligible to vote being in favour of the strike. So there are several suggestions or proposals out *there* at the moment, but the essence is that they want at least 40% or 50% of those eligible vote, to vote in favour of the strike before the industrial action can take place. So this is the threat which is above our heads at the present time, which was delivered ever so gently by Mr. Vince Cable this morning.

When listening to Mr. Cable this morning, I thought that we should write Mr. Cable an open letter. Why don't we send a letter to Vince in which we ask Vince three very simple questions? The first question is this. "Dear Vince, what was the size of your majority at Twickenham in the General Election in 2010?" If you look at the BBC website, it tells you that Vince did quite well. He got over 32,000 votes in an election in which 59,000 people voted. So Vince can say, "Well, I got 55% of the vote." But then we have to ask another question, Vince: "How many people eligible to vote actually voted at the election?" (*Applause*) What we find is that 75% of those eligible to vote actually voted. I was never very good at sums when I was at school, but just my schoolboy arithmetic tells me that Mr. Cable was elected on the basis of less than 40% of those eligible to vote. So I would ask Mr. Cable in our open letter: "If less than 40% is good enough to elect the Secretary of State for Business and for the elimination of trade union freedom, why is less than 40% not good enough for trade unionists when they want to organise industrial action to protest against the policies of a government which does not have a mandate for the programme that it is now inflicting on the people of this country?"

Question 2: "Dear Vince, can you tell us which other countries have thresholds of the kind that you are now proposing or that are now being presented to you, the 40% or the 50% requirement before people strike? When I say 'other countries', I don't mean Bahrain, Egypt, Syria or Tunisia. Can you name other countries?" When this idea of 40% or 50% was floated in Parliament last month by Tory MPs, they thought they had struck gold because they had found two countries in Europe where requirements of this kind are actually required. They said, "We can point to Denmark and to the Czech Republic." These are the countries which we must now follow. Unfortunately

for them, however, I have good contacts in Denmark. In the labour movement throughout the world solidarity is a big principle, so I contacted my colleagues in Denmark. They said, “Yes, we do have this special threshold but it is 25%. It is not 50% or 40%.” That special threshold of 25%, in any event, only kicks in if less than 40% of eligible people actually vote. So Denmark is not really a model, an example or a precedent that we can follow. So, basically, we are stuck with the Czech Republic. So this is the best, perhaps, that Vince Cable will be able to provide – one country in the European Union of 27 countries, the Czech Republic, has the kind of proposal which he now has in mind. No other liberal democracy, anywhere in the world, to my knowledge, has a requirement of this kind. The reason why is because it is neither liberal nor democratic, and it brings shame upon the Liberal Democrats that they should be lending their support to a proposal of this kind.

Question 3: “Dear Vince, what guarantees will you provide that when a union does get 50% support in a ballot that the employers will not continue to be permitted to use the High Court like a slot machine to get injunctions to stop industrial action on technical and trivial grounds?” (*Applause*)

We heard from John Jackson when he moved the resolution. He spoke about the BA dispute. In the first ballot in 2009 in the BA dispute the union got the support of 92% of those voting in an 80% turnout. They were still turned over in the High Court because they had included inadvertently in that ballot a number of people who would be taking redundancy by the time that the dispute started. They then re-balloted, and on the second ballot in 2010 they got 80% support on an 80% turnout. Again, thousands of workers voted in favour of industrial action. They were turned over again because, on this occasion, the union had failed to notify its members that 11 people – 11 people out of thousands – had spoiled their ballot paper. That decision was only reversed because of the work of John Hendy in the Court of Appeal, but the union was pulled through a second round of litigation on another ridiculous technicality.

The point here is that if the Tories get their way and if Vince is simply the messenger for this Tory right-wing agenda, majority support of 50% or 40% will not stop industrial action being challenged in the courts on these ridiculous technical and minor grounds, which are the subject of this Bill, which itself is the subject of the resolution.

So we say to Vince that this agenda is against democratic principles. We say to him that it has no parallel or precedent in any modern liberal democracy, and we said to him that what he proposes is simply another hurdle which trade unions will have to jump in order to take part in conduct which John has already said is a fundamental human right, recognised as such the world over.

Before I conclude, and as we are waiting for Vince’s reply because I am sure it will be coming in due course – we sent an open letter so it would only be polite if he replied to us – let me make with three points. The first of these is that the threat of more laws regulating industrial action is wholly unjustified. We have already heard that the United Kingdom has the toughest laws on industrial action of any modern industrialised country. The right to strike means that there must be some

circumstances in which you are allowed to use it, and they cannot stop you every time you want to exercise this freedom.

Secondly, more laws on the right to strike risk being counter-productive. Remember East Lindsay, 2009. The reality is that if unions cannot act within the law by taking industrial action to defend their members or to protest against the conduct of the Government, then workers will feel that they will have to take actions themselves around the law. That is a problem for government because government cannot then control action of that kind. It is a really stupid agenda.

My third and final point is this. Let's look on the bright side. What this agenda tells us is that your protests are working. You have really got the wind up them. *(Applause)* I say that because I never, ever thought I would see the day when a Liberal Democrat would address a trade union audience in England with a thinly veiled threat to outlaw peaceful protest. It is extraordinary that that should happen in this country, in this day and age. I fear that austerity breeds authoritarianism, but I fear that we have only seen the start. Thank you very much. *(Applause)*

THE PRESIDENT: Keith, thank you. Keith and John, come and see Mary. I really do enjoy giving you these gifts. *(Presentations made amidst applause)* A big thank you to both of them for giving up their time. *(Applause)* I have had the pleasure to work with Keith for some time in the Labour Party. That reply will come by Father Christmas.

Colleagues, there is a little alteration to the business. I will take Motion 194.

## **POLITICAL**

### **LABOUR PARTY INDUSTRIAL ACTION LEGISLATION MOTION 194**

#### **194. INDUSTRIAL ACTION LEGISLATION**

This Congress is aware that current legislation restricts the Union's ability to take industrial action. It is becoming more and more difficult to strike because of the restraints made upon us to provide the employer with information on those employees to be balloted.

We have to provide even more detailed information of those members who pay their Union subscriptions by direct debit. If mistakes are made or incorrect information is provided, the whole process is compromised.

I would ask the CEC to ensure that the GMB membership system is as up-to-date as possible and for us to lobby Parliament for this restrictive practice to be debated and ultimately repealed.

T10 TAMWORTH BRANCH  
*Birmingham & West Midlands Region*

*(Carried)*

SIS. J. INGLEBY (Birmingham & West Midlands): Congress, I move Motion 194. President, you will all have seen the problems and the subsequent press coverage surrounding the industrial action proposed by Unite for British Airways and how the



action was suspended because of small anomalies in the balloting system. The Trade Union and Labour Relations Act regulates lawful industrial action and sets out a process for unions, but which is weighed in favour of the employer. Postal ballots depend on an accurate register of the names and addresses of those entitled to vote. Experience shows us that more ballots are challenged because of errors in those entitled to vote than for any other reason. It may surprise you to know that the UK has the most restrictive trade union laws in Europe. Increasingly, unions are being prevented from implementing the democratic decisions of their members by employers applying for and winning court injunctions based on minor technical errors. Examples include *Johnston Press v. NUJ*, when the union had to abandon a strike of journalists because the employer claimed to employ no journalists, despite the fact that the Johnston Press website states that the company employs 1,900 journalists. It is issues like these that John McDonnell's Lawful Industrial Action (Minor Errors) Bill aims to address. You all know what happened to that Bill. It failed because it did not even get the required 100 votes to send it to the Committee Stage, as just addressed by John Hendy QC.

We, as lay delegates to the union, must also play our part and maintain a membership system using 21<sup>st</sup> century technology to keep details fresh and up to date. Most of you know that we have had to cleanse the GMB membership system in local government in preparation for a ballot later this year. This has been a monumental task, and has identified errors and omissions throughout the system. The first rule of GMB@Work is know where your members are. Can we honestly say where our members are, what department they work in and what job they do? This is the level of information that we have to provide, and if we don't hold it we can't provide it. That is what the employers are relying upon.

Colleagues, let's not get caught. Maintain the system properly and lobby Parliament for a change in the law. Thank you.

THE PRESIDENT: Thank you, Jackie. It's good to see you. Secunder?

BRO. R. FORSE (Birmingham & West Midlands): First-time delegate. (*Applause*) I second Motion 194, Industrial Action Legislation. President and Congress, there have been a number of examples, and the previous speaker has referred to several of them, the best known being the attempted action of the BA cabin crew, where industrial action has been stopped due to the intervention of the court over trivial discrepancies that do not substantively affect the result of the ballot. We, as a trade union, must ensure that we keep our records both accurate and up to date, using information technology where beneficial, in order that any potential action by the members of our trade union does not suffer the same fate. This must be done at all levels, from stewards and branch secretaries, through to regions and national level.

We have recently seen John McDonnell's Lawful Industrial Action (Minor Errors) Bill fall in Parliament at an early stage. It got less than 100 votes in support, and this at a time when there are around 250 Labour MPs in Parliament. I lobbied my MP to vote for this Bill and I am happy to say that he did so. He was in the minority. We all need to lobby the Members in Parliament, both as individuals and at a national level as a trade union. We are all aware, and we certainly are after this morning, that we will get no favours from this Coalition Government in redressing this blatant

imbalance. The first step must be to lobby for the full support of Labour MPs and then to push to get this Bill through Parliament. Let us not be caught out by the injustices in the system, and also to get full support for any industrial action Bills. I second.

THE PRESIDENT: Thank you, Robert. Colleagues, I am only taking Motion 194 in this debate. Therefore, I will not take the vote because a qualification is going to be put by Kevin Flanagan with Motion 84, Composite 6, Motion 90 and Motion 91. We will continue this debate this afternoon. I will then bring the speakers in. Is that agreed? (*Agreed*)

### **ADDRESS BY MAGGIE HUGHES, PEDD CAMPAIGN**

THE PRESIDENT: Maggie Hughes, who has joined us on the platform, is mum to a close family of eight children and nine grandchildren. In 2008 Maggie's talented footballer son, Robbie, was viciously attacked in Crete. Maggie and her family faced every parents worst nightmare and quickly realised that there was no support for victims abroad or their families at a time when it is so badly needed. Thankfully, Robbie has survived. From their personal experiences, Maggie and her family launched a campaign *Please Enjoy, Don't Destroy* for support for victims of crime. The GMB has been working with Maggie to get better support and rights for victims. We have had a major breakthrough in the last two weeks with positive, new European proposals. Maggie, we are delighted to have you here today and to learn more about your campaign and how we can help to ensure that no family is left alone, as you were, in this situation again.

Congress, I wish to advise you that while Maggie is speaking, images will be shown on the screen which some may find extremely distressing. I also wish to advise Congress that Channel 4 is producing a documentary on Maggie and her campaign and are filming here today. Maggie, please address Congress. (*Applause*)

MAGGIE HUGHES (PEDD Campaign): Conference, the story that I am telling you today may be sad. However, my motto is "Something good has to come from something so bad". I will not give up the battle of trying to get justice for my son, Robert, and now in the aftermath of that vicious attack, the support for other victims and their families, in the hope that they will get better treatment, plus the vital support to try and stop them going through the red tape nightmare that myself and my family had to face for nearly three years. It is not easy as I am also a full-time carer for my other disabled son, Stephen, who is now 35 years old and has been disabled since birth. I don't find a problem with this part of my ongoing 24 hour day as a full-time carer, but it is the lack of support, help and advice and the ongoing pitfalls and loopholes that still exist if you happen to go out of England on a British passport and you are unfortunate to become a victim of crime or even seriously or fatally injured abroad.

I do need your support as there are more and more victims and their families who feel that they have no faith at all in our justice system. If the crime or injury happens abroad, the situation can be even worse. A victim and their family may not get any support at all at the time of the incident, or when or if they manage to come back to their homeland. This can't be right, as I and so many other victims' mums and dads

have been brought up under the banner of Great Britain. Our country is still a great place to be, with the opportunities for all. However, I am afraid to say that it has lost its way in helping and supporting victims and their families when they need it the most. My son was British when he booked and paid the tour operator for his holiday. He had a valid British passport all the time he was out in Greece but it did not protect him or support him. He was also British when he was attacked on holiday and severely injured which left him hanging on to a thin thread of life.

Robert is still proud to be British, even though our family are having to pick up all the pieces on his behalf in the aftermath of a serious crime abroad. It seems that he was not British enough when he needed support the most and help at the time of his attack, or even when he returned home to his own country to get the follow-up treatment, because he is now disabled for life.

We, as his family, were told, "Sorry, you don't fit into the right category" as the violent crime or serious injury happened abroad." Did you know that the Victim Support Office and the Victims' Champions Office cannot help a victim if the crime happens outside of the UK. Even the new Victims Commissioner's Office can only help you if you are a victim of crime in England and Wales. When abroad the embassy has limited time to spare you and their resources are very thin on the ground. Even our British police force cannot get involved or help, as they will tell you that it is not their territory. Why, why, why?

So I started my own campaign to get a support mechanism put in place to safeguard future victims and their families like mine. I called the campaign *Please Enjoy, Don't Destroy*. When Robert was a youngster he was mad about football. In fact, Rob was a pro footballer at one time and played for teams such as Palace, Fulham and also he finished his career at Oxford United. Rob was a very popular lad and had many friends but now, I am afraid to say, he no longer remembers them or where he played, nor can he remember me, his mum, or even his seven other brothers and sisters. Charlotte, his long-term girlfriend, has now given up all hope of him remembering her, or the fact that last year was to be their wedding year. That, I am afraid to say, now will never be. My heart broke when I first saw my son in that awful way, struggling to hang on to his life on a life-support machine in a hospital in Crete. However, now seeing him trying to struggle and not coping in his new life is even worse. Rob has been left with no sense of smell or taste. He has serious problems with long and short-term memory loss, tinnitus in both ears and severe OCD. Still, we have signs of paralysis on the left side of his body. He will have to take anti-fitting drugs for the rest of his life. Recently, because he could not cope with his new life, he has to take a double dose of anti-depressants which now leaves him extremely vulnerable.

Nearly three years have gone by and still no medical care has been given. Only time and time again he has been put on to another referral list. That leads nowhere. Again, now because his relationship has broken down, he will lose the roof over his head. On an awful day on June 17<sup>th</sup>, 2008, Robert was left to die on the streets of Crete. He was bottled, then stabbed in the head, and when he hit the floor unconscious his head was then used as a human football. When this vicious attack was finished, he was taken by ambulance 55 minutes away to a hospital in Heraklion, Crete, where he had to have four major brain operations and half his skull removed to try and save his life.

My family spent three long months looking after Robert in the hospital in Crete, 24 hours a day. There was no luxury. Our bed, when on duty, was a hard chair or just the floor. Having to cope and deal with something as serious as this was a daily nightmare, but not just for us who were in Greece but also my other family members back home in the UK.

Over these three long months my family spent an absolute fortune travelling back and forth to England, plus having to pay out for food, accommodation, taxis, phone calls and, would you believe, extra food for Robert. He lost nearly 4 stone in weight. Also we had to buy equipment for us to help Robert's recovery and to ease the burden that we were facing in the hospital, like pillows, sheets, a fan to keep his temperature down as the air conditionings hardly ever worked in the ward, a food blender, toaster, electric kettle, a flask, a juicer, a football and games to keep him motivated. The equipment in the hospital was not the best. On top of all that, we also had to keep our UK home afloat, so that meant more money that we did not have and had to borrow.

My disabled son, Stephen, at this stage had to be looked after by my family back home in the UK. However, two of my family members lost their jobs in the process as they had to take time off work, which was not easy to get and not acceptable to their individual companies.

I am afraid to say that the long road of trying to get justice for my son, Robert, is still in the justice process, and we have just been told that it could take another two years. However, I want to thank Paul, Kathleen, Rose and all the members of the GMB for the ongoing support and help that they have given to victims and their families, and who will now, because of this help, be protected in Europe in the future. I believe now that the European Commissioners will only have one decision to make, and that will be to get the victim proposals put into practice for the future victims. All of you here today can help me and my family by spreading the word to support those proposals by writing to MEPs, MPs and this Government to make them aware that if anyone from your family, or someone who you know, becomes the next victim abroad, you would want this help and support mechanism put in place as a safeguard just in case. Thank you all for listening today, and remember *Please Enjoy, Don't Destroy*. Thank you.  
(A standing ovation)

THE PRESIDENT: Maggie, would you please give our best wishes to Robert and to all your family. No one has to suffer in that way. We will do all that we can, and I know that Kathleen will, too. Thank you. (Applause)

Congress, thank you for being patient. I know we have run over time very slightly. I have a few reminders. There will be a bucket collection as delegates leave the hall at lunchtime today by the Yorkshire & North Derbyshire Region in aid of the Bluebell Wood Children's Hospice. I want a silent collection.

There is a fringe meeting entitled *How to get more women politically involved*. It's at 12.45 in room 3. Yvette Cooper, the Shadow Home Secretary, will be speaking, as will Kate Green, MP and Emma Reynolds MP. Please go along and show your support.

Last but not least, the Remploy Fringe Lunchtime event in room 2. I now close Congress until 2 o'clock sharp, because we have got to catch up. Thank you all, and thank you for this morning.

*Lunch break*

## **AFTERNOON SESSION**

*Congress reassembled at 2.00 p.m.*

THE VICE PRESIDENT: I call Congress to order now, please. Congress, we will now continue with the Rights at Work debate that we started earlier today. We will come now to Motion 84 Trade Union Recognition, Northern Region to move and second.

## **EMPLOYMENT POLICY**

### **RIGHTS AT WORK**

### **TRADE UNION RECOGNITION**

### **MOTION 84**

#### **84. TRADE UNION RECOGNITION**

This Congress urges the Coalition Government to ensure that any public money that is used to keep banks or companies afloat should be predicated on mandatory trade union recognition for workers in such organisation. Congress further calls on the Labour Party to commit in its next manifesto to ensure that such rights will be enshrined into law, for any organisation that is kept afloat by injection of public money

SOUTH SHIELDS NO 2 BRANCH  
*Northern Region*

*(Carried)*

BRO. G. MURRAY (Northern): Vice President, Congress, the financial crisis from 2007 onwards has meant large injections of cash to safeguard jobs in the UK. Massive bonuses continue to be paid to senior banking executives and banks that are partially or totally ours. Some businesses have looked for support from government to keep them going. It is a scandal that government is called in to support these organisations yet no thought is given to the representation of workers in these workplaces.

Take the social care industry that much has been said of today, arguably after the MP's expenses the financing of the private social care industry is one of the biggest scandals waiting to happen. Whether it is Four Seasons Healthcare struggling for capital to maintain its homes or the dodgy business model of Southern Cross, one thing is for certain, in the private social care industry big owners know they have the Government over a barrel because the state does not have the capacity. Big companies are deemed too big to fail so when such owners seek government help they get it.

Congress, the Labour Party is currently going through its so-called policy review. This review needs to be robust and socialist policies must not be ignored when the review has ended. No more of the same old sham consultations of the past. One way

of demonstrating that the Labour party means what it says is by stating that if it is called in to support organisations at risk then there must be a presumption that trade union recognition will be mandatory. If they want to be bailed out, then that is the price for government support, no more, and no damned less. I move. *(Applause)*

BRO. T. HUNTER (Northern): President, Congress, first-time delegate and speaker. *(Applause)* Congress, as the mover of the motion has indicated, businesses show very little sign of changing their behaviour even from the system that failed during the banking crisis. Those at the top fail to see the dangers of dodgy lending, dodgy dealing, and gambling with other people's money. Executives need to realise that the last four years are really a watershed. Congress, it should be a simple truth that where business is looking for government support on a bailout basis the Government should force full trade union recognition rights to the workforce. Congress, we really do need to change the culture in companies. We do not want businesses to fail but people are an organisation's best asset. It is a scandal that the banks or companies simply use our money to recapitalise their balance sheets then carry on as before. Congress, this needs to change. The prevailing view when the Labour Party was in government was that the market was king but many in that market turned on Labour when it suited them to do so. Labour needs to ensure that in the event of future bailout money it demonstrates it is on the side of people and not on the side of the top. Congress, I second. *(Applause)*

THE VICE PRESIDENT: Composite 6, Midland Region to move.

## **EMPLOYMENT RIGHTS**

### **COMPOSITE 6**

*(Covering Motions 85, 86, 87, 88, and 89)*

85. EMPLOYMENT RIGHTS *(Yorkshire & North Derbyshire Region)*
86. EMPLOYMENT RIGHTS *(London Region)*
87. EMPLOYMENT RIGHTS *(London Region)*
88. TRIBUNAL RIGHTS CHANGES *(Birmingham & West Midlands Region)*
89. EMPLOYMENT TRIBUNALS *(Midland & East Coast Region)*

## **EMPLOYMENT RIGHTS**

Congress notes with grave concern press reports that this Tory led Con-Dem Coalition Government are seeking to legislate over the rights of workers to bring employment tribunal claims. It further notes the role of Liberal Democrat, Vince Cable in the defence of the Employers and reminds Congress that this worm was once a member of the Labour Party.

We campaign for employment rights from day one. This law will severely limit our members' ability to receive fairness in the workplace by extending the qualifying period when an employee can take a claim to an Employment Tribunal to two years (currently the period is after 1 year's employment).

Congress is concerned *and* will do everything in its power to campaign against the proposed changes coming from the coalition Government which denies workers rights and costs. Any attempt to reduce the employment rights of workers should be challenged. Congress will oppose these regressive proposals *and* such action as to change the current qualifying period from the

current one year for claims for unfair dismissal and extend the time from one year our members can challenge them in tribunal etc.

Congress instructs the CEC and the Senior Management Team to use all avenues to oppose the attack on workers rights and changes by this Con-Dem Government.  
by lobbying MP's, the Government and organising action by our members and other Trade Unions.

Therefore, this Congress calls upon the CEC to:

- use all means necessary to fight against the Con Dem Government's proposals on Employment Rights
- highlight the coalition's proposals,
- ask our sponsored MPs to oppose any change to the current legislation.

Further, it will fight to ensure that the next Labour Government will give workers rights from day one of their employment by extending workers rights

Finally it mandates the CEC to campaign with the TUC and other trade unions in defence of employment rights.

*(Carried)*

BRO. J. HALL (Midland & East Coast): Congress notes with grave concern press reports that this Tory-led ConDem Coalition Government are seeking to legislate over the rights of workers to bring employment claims to tribunals. We have already been told this morning so we know it is definitely happening now. It further notes the role of the Liberal Democrat, Vince Cable, in defence of the employers and reminds Congress that this worm was once a member of the Labour Party. We campaign for employment rights from day one. This law will severely limit our members' ability to receive fairness in the workplace by extending the qualifying period when an employee can take a claim to an employment tribunal to two years; currently this period is after one year's employment. Congress is concerned and will do everything in its power to campaign against the proposed changes coming from the Coalition Government which denies workers' rights and costs. Any attempt to reduce the employment rights of workers should be challenged. Congress will oppose these regressive proposals and any such action as to change the current qualifying period from the current one year for claims for unfair dismissal, and extend the time from one year when our members can challenge them in a tribunal, etc. Congress instructs the CEC and senior management to use all avenues to oppose the attack on workers' rights and changes by this ConDem Government by lobbying MPs, the Government, and organising action days by our members and other trade unions. Therefore, this Congress calls upon the CEC to use all means necessary to fight against the ConDem Government proposals on employment rights, highlight the Coalition's proposals, and ask our sponsored MPs to oppose any changes to the current legislation. Further, it will fight to ensure that the next Labour government will give workers rights from day one of their employment by extending workers' rights. Finally, it mandates the CEC to campaign with the TUC and other trade unions in defence of employment rights. I move. *(Applause)*

THE VICE PRESIDENT: Thank you, John. London Region.

BRO. V. WEST (London) in seconding the motion said: We all know the members we have to deal with who come to see us every day of the week and say, "I believe I have been treated unfairly," and we look at the case and we represent them at the disciplinary hearing, and they still get sacked. We look at the case and say, "Yes, you may have been sacked unfairly but you have not been sacked unlawfully because you have only worked here for about nine or 10 months and the employer can get away with it." The member looks at you and thinks you have come off planet Zanussi, or something, because you are agreeing with them that they have been dismissed unfairly but it is not unlawful.

What the Tories now want to do is say to them, "It is not going to be eight or nine months and we can sack you with impunity." They are going to say to them, "It is going to be 20-22 months and we can sack you with impunity and you will not have any recourse to the very basic rights of an employment tribunal." We heard this morning that even with those rights at employment tribunal your chances of success, your chances of being reinstated in your job, your chances of winning a fair payout and a fair settlement are slim if all you are going to get is about £4,500 for unfair dismissal.

But the Tories want to go even further: they want to place a cap on the amount of money that you could potentially get from a discrimination claim. They are saying, "The employers have told us that the legislation in its current form is preventing us from taking on new workers." Baloney! What is preventing employers taking on new workers is their own lack of investment in trading opportunities for people, their own lack of investment in their own company. It is not employment legislation. We demand rights from day one because workers are in employment on day one and they deserve to be protected on day one. They want protection but not 720-day protection. That is what we demand. (*Applause*)

BRO. S. ROBERTSON (Birmingham & West Midlands): It is not just a proposal over the two years or after the two-year qualification period for a claim; they are also proposing you pay a deposit. When you have been sacked unfairly and you are sitting on the dole they want you to fork out a deposit before you go to a tribunal. They are also proposing that judges sit alone to decide if it is unfair, without the lay members with a trade union background that can scrutinise and decide and advise judges if it is reasonable, fair or just. These are all attacks. They are attacking us. They are doing what Thatcher did. Cameron and Clegg are finishing off the job that Maggie Thatcher started back in the 1980s. This is huge. This is just the first step. Our union and the other unions need to fight this tooth and nail, and the CEC and the management team should use all means to defend against these attacks. I think the best form of defence is to attack those responsible for attacking us. I urge the CEC and the GMB to fight this with every breath they have. Thank you. (*Applause*)

THE VICE PRESIDENT: Thank you, Stevie. Yorkshire.

BRO. J. SHIELD (Yorkshire & North Derbyshire): Congress, it is with a heavy heart that I am on my feet speaking on this motion. Labour is now out of power and we have a Tory government in power. No, I am not mistaken. The Coalition is a Tory government with the joke of a LibDem leader, Nick Clegg, as Cameron's fall guy. It is as if Labour years have never been. The enemy is back in power. Cameron,



Osborne, Clegg, and the rest of the Tories are all out to finish what Thatcher started. They are coming after us again -- surprise, surprise; they and their mates from the CBI and the Federation of Small Businesses think workers have too many rights. They want, as they put it, to cut red tape. What they actually mean is massive reductions in health and safety rights and regulations. Sooner or later this will mean that workers will be seriously injured, or worse. Not only do they want to return to unsafe workplaces, they want to smash collective agreements. Collective agreements in the vast majority of cases protect the lowest paid in the race to the bottom, the fate for so many workers in organisations without trade unions. Their removal would lead to workers receiving pay cuts, pension cuts, and isolation, the Tories yet again attacking trade unions and the working class. Vince Cable speaking on Radio 4 about discrimination claims stated: "We must cut the cost of employment tribunals. These disputes can affect morale and hold back businesses. There are too many vexatious claims." Well, Vince, spoken like a true blue Tory. Welcome to the nasty party or, as our President put it, the very nasty party. They are also going to attack TUPE protection, reducing consultation, stating that gold-plated transfers from public services are unfair for new employers. What about the rights of the workers and their families when after a transfer you could end up without protection? Employment rights should never be taken away. Thatcher shafted us in the past. We must not let Cameron do it this time. We are not just fighting for comrades today but for our future and our children's future. Please support. (*Applause*)

THE VICE PRESIDENT: Thank you, Jim. Can we now move on to Motion 90, the Right to Strike, North West & Irish Region to move and second.

## **THE RIGHT TO STRIKE MOTION 90**

### **90. THE RIGHT TO STRIKE**

This Congress must maintain the workers human right to take strike action.

In recent months we have seen employers challenging legitimate industrial action in the courts preventing workers from taking action to defend safety, jobs and employment conditions. The courts have then ruled out the action on minor technicalities.

We are concerned that this type of litigation by employers is undermining the already limited rights of workers to take action in the UK.

With the ConDems in power, who are no friends of working people, they are looking to strangle our fundamental right to take strike action.

Congress is reminded that at EU level, the right to strike is enshrined in Article 28 of the Charter of Fundamental Rights of the European Union this is entitled 'Right of collective bargaining and action'.

Workers and employers, or their respective organisations, have, in accordance with Union law and national laws and practices, the right to negotiate and conclude collective agreements at the appropriate levels and, in cases of conflicts of interest, to take collective action to defend their interests, including strike action.

To maintain our rights we must take whatever action is required, we can not allow our rights to be taken away by this Government.

*(Carried)*

BRO. S. BODEN (North West & Irish): Colleagues, you heard it this morning from a QC, from a professor, it is time to do something. It has been over 100 years since the trade union Movement won the struggle for protection from legal action for taking industrial action, and over 50 years since the declarations of the fundamental rights for trade unions was ratified in the UK. Things should have progressed since then but instead we find ourselves in this extraordinary situation where the laws on trade disputes in this country are more restricted than they were at the start of the 20<sup>th</sup> century. As we all know there are no legal rights to strike in the British common law, though for much of the last 100 years that did not matter. After 1906 there was the Trades Disputes Act. The right of workers to take industrial action was based on immunity from prosecution. Unions could not be sued for losses incurred by employers so long as certain criteria were met. While this approach was never a satisfactory way to defend what should be a basic human right, in recent years those criteria have been tightened to such an extent as to make effective industrial action practically illegal. Thanks to the Thatcher government struggling workers were denied their rights to unemployment pay or income support during disputes, making indefinite strikes practically unheard of.

While successive governments have laid a formidable legal minefield around unions making even one-day strikes difficult to organise, recent decisions have begun to make it look as if there are no effective rights to strike in Britain today and it should be a matter of shame that a Labour government could spend 13 years in power and do nothing to restore those union freedoms lost under the Tories. Indeed, thanks to Blair's New Labour ideology millions of workers have been left vulnerable in the face of the most swingeing attacks on jobs and services we have seen for a generation, with workers up and down the country suddenly finding their contracts of employment are not worth the paper they are written on.

Let's remember too that strike action is the last resort. In the absence of any meaningful engagement from employers and the ConDem Government what else are workers to do? Many, too, will feel they have nothing to lose given the grim future that lies ahead for them, their families, and their communities. Even the most restrictive trade union practice in Europe will not be enough for this ConDem Government and their cronies at the CBI, or in the Tory press. The lies these people peddle is that workers only vote to strike as a result of bullying and coercion from some fabled militant minority and they would use this lie as a pretext to introduce their sackers charter and to undermine what is left of the right to strike still further.

This makes it most important that unions organise now to oppose any and all attacks on our right to take legitimate industrial action in defence of our jobs and services, and taking the fight all the way to Europe if we need where the right to take strike action is explicitly enshrined in the EU charter of fundamental rights. Let me share with you Article 28 which states: "Workers or their respective organisations have the right to take collective action to defend their interests, including strike action." What this tells us, colleagues, what the rest of Europe recognises but those who run this country refuse to, is that the right to strike is as fundamental as the right to freedom of

speech. No society that would outlaw such rights can consider itself a free society. Colleagues, our members are about to face some of the most challenging circumstances any of them will ever face. We must ensure that our members are not left unprotected in the face of these challenges and fundamental to the defence of the right to strike. Please support this motion. I move. (*Applause*)

THE VICE PRESIDENT: Thank you. Secunder?

SIS. B. HOMER (North West & Irish) in seconding the motion said: We are constantly painted as one of the most liberal countries in the world, but not if you are an ordinary worker in Britain today. Britain today is more draconian towards workers than in other countries in Europe, a Europe of which we are a fully contributing member. It is a fundamental human right to take strike action to protect your right to work. This ConDem bunch of no marks continues to punish the workers of this country, to reward the mistakes of the elite, the bankers, the tax avoiders who apparently generate this country's wealth. Really? If that is true, then they are making a damned poor job of it in a workplace of diminishing rights but increasing wrongs. This basic human right is something we will not give up. As in the famous poem, *Rise like Lions from your slumber in ever increasing number, Shake off your chains that abound you like the morning dew.* The day of confrontation will come. Human beings have human rights. Workers are human beings not some alien creatures. In closing, following the Cabinet Minister's appearance there was a question and answer session and perhaps the most obvious question was missing, that is, how do you shower, the ConDems, manage to stand upright when not one of you have a spine? Please support. (*Applause*)

THE VICE PRESIDENT: Thank you, Bridget. We move on to Motion 91, North West and Irish Region to move and second. Referred?

## **SECTION 127: RIGHT TO STRIKE MOTION 91**

### **91. SECTION 127 : RIGHT TO STRIKE**

This Congress calls on the CEC to mount a campaign to abolish Section 127, which prohibits certain workers in the Security Industry from taking industrial action.

Congress believes the right to take strike action is a fundamental human right of all workers and the existence of Section 127 severely limits our bargaining power with the employer and causes disillusionment amongst our members.

Congress believes that a campaign to abolish Section 127 would enhance our recruitment appeal amongst members.

GSL1 BRANCH  
*North West & Irish Region*

*(Referred)*

*Motion 91 was formally REFERRED.*

THE VICE PRESIDENT: Thank you. I now call on Kevin Flanagan, CEC, to speak on Motions 194, 84, Composite 6, and Motions 91, and 91.

BRO. K. FLANAGAN (CEC, Commercial Services): President, Congress, replying on behalf of the CEC to this very important debate. The CEC is supporting Motion 84, Composite 6, Motion 90 and Motion 194, each with a qualification. As we have just heard, the CEC was asking for the referral of Motion 91.

On Motion 84 the qualification is that it is difficult to see how in law an organisation or company can be forced to recognise a trade union without any reference to the membership levels, organisational activity, or which union should be given the recognition. GMB will seek commitment in the next Labour Party manifesto to increase access and the right to recruit and organise in every workplace.

Congress, Composite 6 highlights the disgraceful ConDem Government's attacks on employment rights, including the recent announcement to cut redundancy consultation time and TUPE protections. GMB has made submissions to the Government and responded to the consultation on employment tribunals, including the proposal to increase the qualifying period for unfair dismissals to two years. There is absolutely no evidence to back the Government's ideological driven claim that cutting workers' rights will increase jobs.

Congress, Motion 90 highlights the attacks on trade unions by UK employers using courts to frustrate the democratic wishes of trade union members. Earlier this year the Court of Appeal in the UK recognised these issues in the injunction cases affecting ASLEF and the RMT and which the unions won. However, let's be clear, we are still a very long way away from establishing the right to strike as a pure human right in the UK.

The qualification on Motion 90 and Composite 6 is that the actions called for are too open-ended. GMB will fight to oppose the changes and defend our rights by using means that are appropriate to the circumstances and in the best interests of the GMB members.

As indicated on Motion 91, Congress, it is existing GMB policy to call for the repeal of section 127 without preconditions. Section 127 places restrictions on the right to strike by GMB members in certain occupations, for example, private prisons and immigration detention centres. Congress, there have been recent developments in European human rights case law which should be investigated to see whether they should assist unions in this area. That is why we are asking for referral.

We, therefore, are asking you to refer the motion which I believe has been accepted to allow for further investigation of these legal developments. On Motion 194 GMB supported John McDonnell's bill which, unfortunately and very disappointingly, fell due to insufficient support. Let's learn the lesson of that.

The recent proposal by a Tory MP to require unions in the emergency services and transport sector to introduce a further threshold in industrial action ballots may also have fallen but let's be under no illusion, no doubt whatsoever, this is all designed to sew the seeds for future regressive changes in employment law and policy. The CEC does not believe that a lobby of parliament would be the best use of GMB resources. We will, however, lobby the Labour Party to deal with restrictive industrial relations practices in its next manifesto. Therefore, Congress, we are asking you to support

Motions 84, 90, 194, and Composite 6, with the qualifications that I have just set out to you. Please refer Motion 91 to allow for further investigation. Thank you, President. Thank you, Congress.

THE VICE PRESIDENT: Thank you, Kevin. Congress, Motion 194, which we heard before lunch, has been supported with the qualification. Does Birmingham agree the qualification? (*Agreed*) Thank you. Motion 84 is also being supported with a qualification. Does Northern Region accept the qualification? (*Agreed*) Composite 6 is also being supported with the qualification. Does Midland Region accept the qualification? (*Agreed*) Thank you. Motion 90 is also being supported with the qualification. Does North West & Irish agree the qualification? (*Agreed*) Thank you. Motion 91 North West & Irish have already agreed to refer. Colleagues, we will take them all together. All the regions have agreed with the qualifications and 91 is agreed to refer. All those in favour please show? Any against? They are all carried. Thank you.

*Motion 194 was CARRIED.*

*Motion 84 was CARRIED.*

*Composite 6 was CARRIED.*

*Motion 90 was CARRIED.*

*Motion 91 was REFERRED.*

THE PRESIDENT: Thank you, Malcolm. Congress, can we now move on to the next part of the business, item 2, Regional Secretary's Report: Northern Region (Pages 113-118). Can I call on Tommy Brennan to move his report? Formally, thank you. Seconded? Formally.

**REGIONAL SECRETARY'S REPORT: NORTHERN REGION (Pages 113-118)**

**NORTHERN REGION**

**1. MEMBERSHIP AND RECRUITMENT**

<b>FINANCIAL MEMBERSHIP</b>	69,859
Section Financial Membership (by each Section):	
COMMERCIAL SERVICES SECTION	18,270
MANUFACTURING SECTION	24,399
PUBLIC SERVICES SECTION	27,190
Grade 1 members	42,997
Grade 2 members	9,023
Retired, Reduced Rate & Others	17,839
Male Membership	43,616
Female Membership	26,243
Total number recruited 1.1.2010 – 31.12.2010	5,848
Increase/Decrease 1.1.2010 – 31.12.2010	982
Membership on Check-off	36,177
Membership on Direct Debit	16,853

## **Response to Organising Agenda**

The Northern Region is using our approach to regional corporate strategy and development plan, formulated as part of the Union Modernisation Fund, to entrench GMB@Work into recruitment, servicing and retention. On the one hand the approach to Initial Support Training (IST) and the two day GMB@Work course for new activists, is part of the training gateway for shop stewards; in addition 1 day GMB@Work courses are being targeted at existing post holders so that there is a shared regional understanding of GMB@Work consolidation. On the other hand Full-Time Organisers are tasked with ensuring our regional strategy is implemented based around existing workplaces, improving GMB density and seeking out new opportunities for recognition and greenfield recruitment.

In terms of GMB@Work we have trained approximately 520 new shop stewards on the two day GMB@Work course. We have also trained 65 existing post holders on the one day GMB@Work course as we seek to transform our workplace consolidation activities.

Workplace consolidation continues to focus on workplaces with less than 60% GMB density. In addition Regional Organisers are required to undertake two recruitment days per week. Where we have a campaign based around GMB Union recognition our strategy based around previous success rates, is to organise and trigger an application to the CAC when we have 10% membership in the appropriate bargaining unit and also a petition signed by the non trade union employees in the company, supporting the GMB's application to the CAC for recognition for free collective bargaining.

The Northern Regional GMB@Work NOT Information System is proving an invaluable support to recruitment and organising.

## **Recruitment Targets and Campaigns**

Our focus is in embedding national targets into our GMB@Work culture. We continue to prioritise recruitment activity in ASDA, Schools, Security and Southern Cross. With changes in National Targeting, Southern Cross has become part of our regional workplace consolidation activities. We have also Wilkinson Stores, Professional Drivers and National Health Service which have supplemented our target areas and with the NHS assuming a prominent place in national recruitment targets, we are aiming organisational resources at a particular NHS Trust within the Region.

In developing new recruitment potential the Northern Region was successful in winning recognition in Walkers Crisps, a long standing target, despite a vicious management attempt at keeping the Union out. In addition we were successful in winning a recognition ballot at Caterpillar on Teesside. Success was also obtained at Princes Limited in Carlisle with a 100% of those voting in favour of recognition. Despite a difficult financial climate our GMB@Work agenda is seeking out new opportunities in Manufacturing, Commercial Services and in elements of Public Services such as the Voluntary Sector for recognition challenges.

The Northern Region has an active Young members Section and is part of the workplace organising and campaigning agenda. New Young Member Shop Stewards have completed IST and GMB@Work courses and are now taking further follow on courses as part of the Northern Region Education Programme.

## **Overview of Regions Economic and Employment**

The Region has suffered the severe effects of cuts in public services, inability of the Banks to release capital and Government failure to invest in vital infrastructure projects.

The 2010 general election was positive from the GMB in terms of political organisation both at Parliamentary and Local Government level. We lost some tremendous advocates for working class people in the Region as the Tories and their puppets the Liberal Democrats sought to opportunistically exploit the Labour Government's then national unpopularity. Well we now know that the Coalition formed by Tories and Liberal Democrats, who hated the sight of one another (and in some cases still do) is implementing the worst cutback in public spending in living memory. Make no mistake, in the

Northern Region, this is far worse than anything that the IMF or Thatcher imposed on Northern people. What is worse, there is absolutely no democratic mandate for this Coalition and the Liberal Democrats want us to vote for electoral reform, not if their record of duplicity is anything to go by. At local government level the fightback has started as Labour's performance at the May 2010 elections resulted in a number of significant gains in council seats.

We know in this region that public services play a vital role in employment, in livelihoods and in household income. The decimation of public spending means that for every one job lost in the public sector will lead to at least one more being lost in the private sector. That is why the Coalition Government's cancelling of vital regional construction projects, scrapping One North East, scrapping the Building Schools for the Future Programme, suspending engineering infrastructure projects and delaying announcements like the vital Inter City Express Programme which could bring vital manufacturing work to the Region, are preventing the regeneration of skills and vital work.

We look forward to important new sectors developing which could bring important jobs and retaining of skills for GMB members in the Region such as the Wind Turbine sector. However it is essential that lenders such as nationalised or part nationalised banks stop using taxpayers' money to re-capitalise their balance sheets and paying their top executives obscene bonuses, and start helping companies to invest in the Region.

## 2. GENERAL ORGANISATION

Regional Senior Organisers	4
Membership Development Officers	1
Regional Organisers	16
Organising Officers	2
No. of Branches	114
New Branches	3
Branch Equality Officers	16
Branch Youth Officers	14

Our Regional Organising team has increased from two to four officials headed by Mr Billy Coates, Senior Organiser and member of the National Organising Team.

## 3. BENEFITS

Dispute	6,590
Total Disablement	NIL
Working Accident	1,582.25
Occupational Fatal Accident	7,750
Non-occupational Fatal Accident	NIL
Funeral	64,225

## 4. JOURNALS AND PUBLICITY

### Northern Star Magazine

During the last year, three Northern Star Magazines were delivered to every member of GMB Northern Region which kept members updated on GMB@Work, industrial and political issues, campaigns, benefits and services. A number of campaigning and informational issues have been covered in the Northern Star including the Tobin (Robin Hood Tax), Pleural Plaques, General Election, Southern Cross and Congress.

### Recruitment Booklet

The Recruitment booklet continues to receive positive feedback with activists, members and potential members finding the layout and use of pre-paid, sealable application forms a help in the recruitment process.

### Workplace/Branch/Section Newsletters, Flyers and Posters

A range of publications were issued in the last year to GMB members within Workplaces, Branches and Industrial Sections including Newsletters, Flyers and Posters to Southern Cross; the NHS; the Self-employed in the Construction Industry; Local Government; North East Ambulance Service (NEAS). In addition targeted communications were distributed on Equal Pay.

### Website and Social Networking

The Regional website at [www.gmbnorthern.org.uk](http://www.gmbnorthern.org.uk) is fully operational for displaying and providing information for the benefit of existing, new and potential members. It is part of the organisational toolkit for recruitment, consolidation, servicing and retention. We are seeking new ways of communicating such as a GMB Northern Region page on Facebook and utilising diverse communications as You Tube to upload relevant campaigning and organising opportunities on to the web.

### Advertising

The Northern Region has continued advertising in publications that are relevant to our members. These included the Morning Star, Durham Miners Gala, NHS handbooks and May Day brochure.

## 5. LEGAL SERVICES

### (a) Occupational Accidents and Diseases (including Criminal Injuries)

Applications for Legal Assistance	Legal Assistance Granted
1067	1067

Cases in which Outcome became known

Total	Withdrawn	Lost in Court	Settled	Won in Court	Total Compensation
1114	462	17	442	193	£6,744,148.00
Cases outstanding at 31.12. 2010			1578		

### (b) Employment Tribunals (notified to Legal Department)

Claims supported by Union	322
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Cases in which Outcome became known

Total	Withdrawn	Lost in Tribunal	Settled	Won in Court	Total Compensation
292	95	10	169	18	1,150,970.63
Cases outstanding at 31.12. 2010			382		

### (c) Other Employment Law Cases

Supported by Union	Unsuccessful	Damages / Compensation	Cases outstanding at 31.12.2010
71	40	£11,574.85	44



(d) Social Security Cases

Supported by Union	Successful	Cases outstanding at 31.12.2010
150	52	12

**GMB Northern Legal Services**

The provision of legal services in giving our members protection at work, through safeguarding their employment rights, supporting them in ensuring proper health, safety and dignity at work are fundamental principles of GMB. The Northern Region's legal services continues to play an important role in supporting our organising agenda as well as our campaigning ethos

In the field of employment rights the GMB continued its commitment to resolving disputes in the work place and where that proved impossible or unsuccessful, we supported hundreds of members through the Employment Tribunal in claims against their employers. During the year, GMB Northern successfully pursued employment cases where members had been treated unfairly by their employers. These included cases of unfair dismissal, wrongful dismissal, discrimination, victimisation, whistle-blowing, redundancy and unlawful deductions from wages. One particularly notable success was securing the reinstatement of three members who had been unfairly dismissed by an employer. A worrying sign of the economic times was the fact that we secured a number of protective awards for members where their employers had failed to consult in relation to redundancy situations.

GMB Northern is committed to aggressively pursuing equal pay cases on behalf of its members. During 2010, GMB Northern secured many thousands of pounds in compensation for members who brought equal pay claims.

Working with our lawyers, GMB Northern Legal services secured more than £5.0m in compensation for injured members and their families in 2010. In order to raise awareness of the union's legal service, its considerable successes and the perils of using heavily advertised "No win- no fee" lawyers, members receive regular communication on legal issues and many GMB Northern cases have been highlighted in the national and regional media. In February 2010, we organised a direct mailshot to thousands of members highlighting the range of GMB Northern legal services. We continue to distribute thousands of Legal Services cards and workplace posters featuring our Legal Service freephone number. Regular monitoring indicates that most members use the legal service as a result of the support and guidance they receive from Officers, Shop Stewards, Health & Safety Representatives and activists. GMB Northern provide regular training for all Officers, Shop Stewards and Health & Safety Representatives so that they are aware of legal and workplace health & safety issues. With the assistance of our lawyers, we produce regular Health & Safety bulletins.

We hold regular legal advice surgeries for members at locations across the Northern region and every branch has a dedicated link lawyer assigned to it in order to ensure maximum support and the best possible communication. All new Shop Stewards receive training to assist them in supporting members and raising awareness of the union's legal service.

We routinely monitor the views of our members on the legal services provided in order to develop and improve the service. In 2010, more than 95% of the members surveyed were satisfied or extremely satisfied with the legal service provided. Amongst the comments received from GMB Northern members in 2010 were the following:

"I was kept informed at every stage. The service was brilliant."

"The service provided from start to finish was outstanding."

"I found that I was kept informed at all times, things were made easy to understand and I thought it was a friendly and professional service."

"Excellent. I have no complaints of any kind, communication was second to none so I would just like to say a heart felt thank you for everything you have done."

“The service was first class. My claim was handled very efficiently, the advice and support took some of the strain after my accident. I was very pleased with the outcome.”

To ensure that our full-time and lay Officers have the best possible skills to support our members, regular legal training and updates are provided on employment rights and Health & Safety issues. GMB Northern is committed to ensuring that our members continue to receive the best possible legal representation and support.

## 6. EQUALITY & INCLUSION

We have formed the Northern Region Equalities Forum (REF) and held the Regional Equalities Forum Conference and elected delegates to attend the National Equality Conference in Birmingham in March 2011. The REF will continue to meet formally during 2011 as we seek to reshape the equality and inclusion agenda.

The work of the REF is an integral part of workplace organising and consolidation such as utilising those elements of the Equality Act (2010) that have been enacted, such as Equalities Impact Assessments (EIAs), to support recruitment, servicing and retention e.g. how EIAs can play their part in countering public sector budget cuts.

The make up of the Northern Region Committee is:

5 Female      11 Male      100%      White British.

The make up of Congress Delegate nominations is:

11 Female      42 Male      100%      White British

## 7. TRAINING

(a) GMB Courses Basic Training					
	No. of Courses	Male	Female	Total	Total Student Days
Introduction to GMB (2 days)	12	112	28	140	24
GMB/TUC Induction (5 days)	8	101	29	130	40
Health & Safety (5 days)	6	54	14	68	30

(b) On Site Courses (please specify subjects)					
	No. of Courses	Male	Female	Total	Total Student Days
Employment Law Equality & Diversity	2	26	3	29	4
Grievance Disciplinary	2	24	4	28	4
Interviewing Skills	1	8	6	14	1
Advanced Health & Safety	1	10	1	11	1

(c) Health & Safety Courses (please specify subjects)					
	No. of Courses	Male	Female	Total	Total Student Days
Health and Safety (5 Days)	6	54	14	68	30
Advanced Health & Safety	1	10	1	11	1
Health and Safety (5 days) Nestle	1	6	1	7	5

(d) Other Courses (please specify subjects / weekdays/ weekends)					
Northern College	No. of Courses	Male	Female	Total	Total Student Days
Stewards Refresher	1	6	0	6	5
Employment Law	1	2	0	2	5
Employment Law Update	1	4	0	4	5
Understanding Disability Discrimination Act	1	1	0	1	5
Branch Secretary	1	2	0	2	5

(e) TUC (STUC & ICTU) Courses					
	No. of Courses	Male	Female	Total	Total Student Days
Diploma Employment Law	1	1	1	2	39
Diploma Occ. H&S	1	4	0	4	39
Health & Safety Stage 1	1	1	1	2	12
Next Steps H&S Reps	1	0	2	2	12
Disability Champions (On-Line)	1	1	0	1	5
ICT	2	3	3	6	6

## 8. HEALTH & SAFETY

Under the auspices of The Northern TUC an Asbestos support & campaign group has been established. The structure of the group consists of an elected board of trustees which has the RHSO and a GMB Organiser represented. The Trustees will have the responsibility of providing direction and leadership to the group and have appointed a management committee who are responsible for direct operation of the group; this committee also has two GMB representatives.

The group also has representations from Unite, UCATT, and FBU, local Solicitors Thompsons, Browells & Beecham & Peacock also lend their support.

It is hoped that with the extensive resources provide by the group it can increase the awareness of asbestos related diseases within the Region and highlight the deadly impact of this terrible disease.

The Region continues to Support Reps in workplaces where management are failing their duties under Asbestos management controls.

The Region continues to provide Professional and Technical advice on a range of Health & safety issue to Organisers, Branches & Safety Reps to ensure the Health Safety and wellbeing of GMB members in the Workplace.

The Region is establishing more effective communication links to Branches & Reps by more usage of e-mail ensuring Health & Safety literature and recruitment material is delivered more effective and speedily to the workplace and also reducing Regional costs.

*(Adopted)*

*The Report was formally moved and seconded.*

THE PRESIDENT: Page 113, 114, 115, 116, 117, 188. Congress agree to accept?  
*(Agreed)* Thank you.

*The Regional Secretary's Report: Northern Region was ADOPTED.*

THE PRESIDENT: Can I now move to the Economy motions and I will call a vote on each motion after we have heard all the motions and the CEC Special Report. I will be calling Motions 146, 147, Composite 11, Motion 151, and Motion 152.

**INDUSTRIAL & ECONOMIC POLICY: ECONOMY: BANKING SYSTEM  
BANKS, BONUSES AND THE ECONOMY  
MOTION 146**

**146. BANKS, BONUSES AND THE ECONOMY**

This Congress notes:

1. Two of the US banks with a significant presence in the UK announced they would be paying bonuses to their staff of over \$30 billion for 2010.
2. UK banks are estimated to be making £7 billion in bonus payments for 2010 when they are only paying £5.7bn in corporation tax for the same period.
3. That the previous Labour government and current Conservative-led government prioritised saving the Financial Industry at any price including by printing money (quantitative easing) and buying bonds from the banks.
4. That UK banks have been able to reduce their tax bill by writing off losses that they made in 2007, 2008 and 2009 when they were bailed out by us.
5. That bonuses for one year can equate to amounts that someone on average wage would take 20 years to earn.
6. That these bonuses have until very recently often attracted no tax and the banks avoided paying national insurance on them. This is because they were widely paid in shares, insurance policies or gold bullion that could be exchanged a few weeks later for the cash equivalent with no tax and national insurance liable.
7. That whilst these practices are under closer scrutiny after the financial crash and bailouts, banks are now trying to get round a lot of the regulation by increasing salaries and making deferred payment in shares that will only attract capital gains tax on any increase in the shares value.

This Congress believes:

8. That the waves of financial deregulation in the 1980s and 1990s broke down the barriers between Investment banking, retail and corporate banking. These barriers that had been erected after the 1929 Wall Street crash and 1930s depression to avoid a repeat of those events. The architects of this new banking system were the Wall Street and City of London bankers support by politicians from all parties.
9. That an industry that by has lost billions since the financial crisis broke, that has been bailed out by government should not be allowed to pay these ridiculous sums of money for what is a socially useless function that has caused and will, at some point in the future, again cause massive damage to society.
10. These banks would not be around today if it was not for the austerity measures that we are being asked to accept.
11. That instead of bailouts to banks the money should have gone into the real economy through loans to individuals, small businesses or corporations. Instead it is being harboured by the banks to prop up their ailing businesses or being used for speculation on the financial markets.
12. That the existing banking system is a parasite on social production. Each day the currency markets turn over \$4 trillion of transactions in assets of which 60% are held

by us through our pension and insurance funds. Bankers become very rich personally through our collective wealth.

13. That there is no wealth creation in what they do. Any loss must be borne somewhere and these are mainly borne by us through our pension and insurance funds. This is the money that we have paid in from the salaries and wages which we have received from creating real wealth and providing valuable social services. In other words what is going on is the biggest theft in world history.

This Congress resolves:

14. To continue to campaign for an increased level of tax on earnings above £150,000.00.
15. To campaign for a reversal of the cuts in corporation tax proposed by the Conservative-led government.
16. To campaign for banks to pay a far higher level of taxation on their profits.
17. To campaign for the Robin Hood Tax on financial transactions and ask all GMB sponsored MPs to support any bill seeking to make this proposal law.
18. To call for a different kind of banking system. One that is under common ownership and control and that pays sensible salaries.
19. To call for bonuses to be paid based on criteria for the social value of the lending not short term profit.

LEEDS GENERAL BRANCH  
*Yorkshire & North Derbyshire Region*

*(Carried)*

BRO. I. KEMP (Yorkshire & North Derbyshire): President, Congress, imagine you are at work and acting in good faith you make some kind of error, and as a result your company loses a few hundred or a couple of thousand pounds. What do you think would happen to you for making an honest mistake? You may possibly be sacked with loss of pension and any redundancy pay. At the very least you will certainly have some kind of disciplinary action. What you will not get is a massive bonus and be told to carry on regardless, yet that is what has happened in the finance industry to those responsible for causing an international crisis and causing untold damage to people's lives throughout the world. I could say absolutely nothing happened to them but I would be wrong. What they have are massive bonuses for actually causing that damage.

I do not know if any of you have been watching the latest Adam Curtis series of documentaries but watching it the other week I do not know what I found more terrifying, the fact that so-called intelligent people accepted the outlandish and counterintuitive theories of some two-bit screenwriter or the fight when they got it so wrong. It is us, the only workers of the world that had to carry the can and bail them out with our taxes and loss of our services.

Much as it offends my idealism, I have to accept that we live in a capitalist society. Now, I always thought that under capitalism success was rewarded and failure punished yet it seems that those who run the system have changed the rules: yet again the system has failed. Yet again the architects of that failure are getting rewarded and protected. It is certainly a case of the rich getting the pleasure and the poor getting the pain. For far too long bankers have been able to milk the system; it is now time to end this gravy train.

Comrades, this motion is not asking for the world, it is asking for fairness. It is time to enable that great principle of each according to ability, each according to need. Like most of you all sat here, all I can give is my labour. Let those who gain from our labour give back a reasonable proportion of what they are gaining. Fairness must start from the top, not from the bottom. Adam Smith, the original capitalist philosopher, said no society can be considered civilised if some go without. I am sure he would be doing double somersaults in his grave knowing that some non-producing parasites are getting rich without actually earning it.

Comrades, we have a banking system that is not fit for purpose, instead of working for their customers banks are a licence to print money for a few, and no pun was intended because it certainly is not a laughing matter. We need an equitable system. We need banks that use our money for our benefit, not to line the pockets of the likes of *Fred I'm an immoral parasite, get me a super injunction Goodwin*. Congress, support Motion 146 and end the immorality of bankers' bonuses while our families go without. *(Applause)*

*The motion was formally seconded.*

THE PRESIDENT: Anyone wish to come in on the debate? No. Can I move to the vote, and support with the CEC Special Report. Is that agreed? *(Agreed)* Thank you.

*Motion 146 was CARRIED.*

## **HEDGE FUND INSIDER TRADING MOTION 147**

### **147. HEDGE FUND INSIDER TRADING**

This Congress calls for an investigation on hedge fund insider trading within the UK. In the US this has led to the uncovering of widespread fraud. Congress believes that this sort of culture led to irresponsible risk-taking and ultimately the worst recession for a century. Congress believes that to restore integrity in the UK commercial and business community, a similar investigation is essential to establish what practices, good and bad, are taking place and punish wrong-doing where it is found.

STOCKTON NO 3 ENGINEERING BRANCH  
*Northern Region*

*(Carried)*

SIS. J. JEPSON (Northern): President, Congress, the GMB union has lobbied hard about the absolute scandalous behaviour of hedge funds. The spivs and the speculators who, with their mates, engage in insider trading are the blight on the lives of hardworking people. Congress, in America investigations have led to leading hedge fund bosses and their cronies being arrested on charges linked to insider trading. The sums of money that these corrupt people have made for themselves are staggering. The sums alleged range from £12 million, and some even billions. Firms that had been subject to insider trading include Google and the Hilton Hotels. Congress, in America they are at last seeing insider trading as the unacceptable face of American capitalism. As one American commentator has said, greed is not good.

These cases should be a wake-up call for Wall Street. It was the way these hedge funds were used to package and sell products with a kind of casino operation that caused the banking crash. These activities went on under the noses of regulators and were accepted by senior executives as everyone included received increased bonuses.

Congress, we need that type of open investigation in the UK to help change the business culture in this country. There is too much at stake in the communities for the UK government to ignore this call. Let an investigation see what good, bad, and illegal practices have gone on. Wrongdoings must be subject to the full force of the law. It is part of the learning that we have got into the worst recession for a century. Please support. I move. (*Applause*)

THE PRESIDENT: Thank you, Jan. Is there a seconder for this?

BRO. D. LEYLAND (Northern): Congress, as the motion says, insider trading in hedge funds has caused the worst problems for a century. It is not as if these hedge fund managers produce anything. Basically, they concentrate on spread betting with other people's money. They do not create wealth except for themselves. They do not create jobs, they destroy them. They do not have a stake in our communities; they live elsewhere. They do not pay taxes. They put their money offshore to reduce their tax burden. Basically, Congress, these people are leeches on society. We have no problem with business and people with gumption. Many of the self-made people in the UK own the companies that we organise in. We sit across the table from these owners every day of the week. What we will not put up with is those who look at TV screens and speculate with our members' lives. Regulators should regulate correctly. The authorities must investigate and move on. We need to restore the integrity in our system if we are really all in this together. Let those speculators who cause the problems be subject to scrutiny. If that means they move abroad then good riddance. Congress, please support. I second. (*Applause*)

THE PRESIDENT: Well done, Darren.

**BANKERS BONUSES AND THE ECONOMY**  
**COMPOSITE 11**  
*(Covering Motions 148, 149, 150)*

- 148. FINANCE (*Birmingham & West Midlands Region*)
- 149. BANKERS BONUSES (*London Region*)
- 150. THE ECONOMY (*Yorkshire & North Derbyshire Region*)

**BANKERS BONUSES AND THE ECONOMY**

This Congress deplores the action taken by banks in deciding to pay big bonuses for 2010.

When taxpayer's money has been used to bail some of them out when many of our members have suffered pay freezes, the least they could do is to have shown restraint.

This Congress condemns the abject surrender of this Tory led coalition government to the bankers who threatened to abandon the UK should they be threatened with higher taxes on their bonuses or be prevented from receiving bonuses at all. The same bankers whose greed and lack of probity caused the economic crisis which so nearly brought down the country.

The same crisis which Cameron and Clegg are using as the excuse for the ideological, not economic, policies which are designed to cut jobs, services, benefits and the very quality of life for working people. Contrast the capitulation to the bankers with the furore in the press when trade unionists embarked on a legal strike or students legally campaign against tuition fees.

If we are "all in it together" there must be a new dictionary entry for the word "together".

This Congress must resolve to make bankers accountable and pay for the disaster they caused. It's them, the bankers, who have created the current situation and it is our members, working men and women, who are paying the price through job losses, service cuts, increasing inflation and interest rates.

Congress we call upon the CEC to condemn the Government in allowing the bankers to carry on with the financial crisis and pay bonus to bankers and instruct the CEC to lobby to ensure this disgraceful disregard to the nation comes to an end.

*(Carried)*

SIS. B. BENHAM (London): President, Congress, who said in May 2010 we must take robust action against banks who want to pay unacceptable bonuses: Vince Cable. The banks counter: stop our bonuses or tax them and we will leave Britain. Result: abject surrender by Vince Cable and the Government. That is comparable, Congress, with the absolute commitment not to increase student fees, a Clegg and Cable promise. Dave and George say, "Do it," so Nick and Vince say, "Okay." It is not so much an abject surrender as a complete betrayal of everything they told the electorate, proven beyond doubt. Nick and Vince say what they are doing is honourable, but as Jim Royle would say, "Honourable, my arse."

Congress, there is no doubt that the mad actions of the banks caused this current recession and let's be thankful it was only a recession. But for the action of Gordon Brown it would have been a full-blown depression with banks collapsing, mortgages called in, holes in the wall empty, and businesses going bust in every town in the world: a nightmare scenario. Gordon received an international award for his efforts but derision from the cons and liars. So has the current government changed things: absolutely not. Stephen Hester, the Chief Executive of RBS, will get £7.7m for running a business which lost £1.1bn this year, the taxpayers' own bank. His Chairman, Sir Philip Hampton, justified this package by saying, "We need talented and motivated people and need to be able to pay them fairly." Colleagues, if somebody was going to pay me £7.7m to lose £1.1bn I would be motivated as well. But let's be fair, colleagues, RBS did reduce their total bonus payments this year from £1.3bn to £1bn. Perhaps that was due to Vince's persuasion; or probably not. It is the same in all the other banks. City traders will get £7bn in bonuses from banks this year. Bob Diamond of Barclays will get £63.3m in total. Stuart Gulliver of HSBC will get £9m bonus. Eric Daniels of Lloyds will get a golden goodbye of £6m. The 22,000 Bank of Scotland and Lloyds workers who lost their jobs at his behest and were in no way responsible for the losses did not fare so well. Statutory redundancies do not pay that sort of money. Perhaps they will wish him well.

Congress, the shameful capitulation of this Government to the bankers was mitigated by the deal that banks would lend a guaranteed sum to small businesses, the only way we will get out of the recession. Last month they fell well short of that promise. Did



we hear condemnation from Cameron, Osborne, Clegg, or Cable: of course not. How can Cameron and Osborne criticise a sector which donates millions of pounds to their party each year? Clegg and Cable must comply to keep their office and ministerial cars. Congress, bankers caused this mess and Gordon Brown received the blame. Vince Cable knew this and made promises before the Election. It would appear his principles are on par with FIFA. Why does he, Clegg, and Blatter, not just go? I move. (*Applause*)

THE PRESIDENT: Thank you, Barbara. Secunder?

BRO. G. RICHARDSON (Birmingham & West Midlands): Project Merlin is the agreement between the Government and banks supposedly to recognise their responsibility to support economic recovery. This deal set out the Coalition's commitment to stabilise and improve the relationship between the government and banks: their words. It was designed to create a level playing field for UK banks, HSBC, the Royal Bank of Scotland, Lloyds, Barclays, and even Santander. They were all to lend to UK businesses, viable borrowers, and deliver an increase in both gross and net loan. The UK banks have committed to abide by the new codes of practice on taxation and compliance with (their words again) the spirit and the letter of the law. Believe it or not, a public statement by the four banks said they were quite aware of public mood and had responded to that. According to Vickers, head of the Independent Commission on Banking, he estimated that the banks shear at least £10bn off their funding costs each year because of the expectations from bondholders, and to honour the obligation in times of stress.

So let's put an end to this falsification of accounting and property valuation because in real terms it is our taxpayers who are having their money stolen, bonuses being paid on falsification of profits. It is obscene that the amounts of bonuses based on false accounting, especially on public valuation of property, is allowed to carry on. It is gross that Lloyds Bank has a monopoly of over 33% of all UK mortgages. It is gross that small businesses are still being turned down when they want to loan cash. Do not forget they signed up to stimulate the economy. Do not forget the whole ethos of assisting banks with handouts was based on their stimulating the economy. They have not had it and the lack of cash, not order books, leads to companies and jobs going down the pan. So let's adopt the system in Germany where they have a cap on bonuses, but do not just stop the debate there, just on bankers, let's explore ways of clamping down on inept regulators and overspending ministers. Let's stop this economic fascism of banks. These obscene bonuses are theft, theft of our money. It has to stop and it is wrong we should stand for it. Our members are quite sensibly hamstrung by constraints on wages while the upper echelons of bankers are being showered with cash. Congress, we condemn these bonuses and such excess. I move. (*Applause*)

THE PRESIDENT: Thank you. Yorkshire priority in debate. No? Thank you. Anyone else wish to come in? No? Thank you. Can I move to the vote? Bankers bonuses and the economy, London moves, support with CEC Special Report. Congress agree? (*Agreed*) Thank you. All those in favour please show? Anyone against? They are carried.

*Motion 147 was CARRIED.*

*Composite 11 was CARRIED.*

THE PRESIDENT: Can we now move to Motion 151, Executive and Director Bonuses, Northern Region to move. Is it formally? Sorry, worthy president, I did not see you!

**EXECUTIVE AND DIRECTOR BONUSES  
MOTION 151**

**151. EXECUTIVE AND DIRECTOR BONUSES**

This Congress calls for legislation to be enacted that ensures that all Executive bonus pay for salaries over £250,000 is published by an organisation. Congress believes that this is essential for the future integrity of business so that the UK economy never again resorts to the greed of bankers and speculators in nearly ruining the UK.

SUNDERLAND NO 9 ENGINEERING BRANCH  
*Northern Region*

*(Carried)*

BRO. B. HUGHES (Northern): What did you think about Vince Cable this morning? *(Laughter)* In the words of Geronimo, Chief of the Apache, what he would say was, *Man with pale face, no scalp, speak with forked tongue.* *(Laughter/Applause)* Right, let's get down to business.

Worthy President, the culture that grew from the 1980s from the Stock Market Big Bang to the banking crisis has had its day. Governments in the last 30 years have been seduced by the City; even New Labour fell for the five card trick. It was turned on by its fair weather friends in business, banking, and the media empire. When the going gets tough, they do not want to know you. You just have to look at any company AGM information and you will see the scale of the problem. Medium sized companies pay non-executive directors tens of thousands of pounds just for one day a month, and they could be on the board of a few companies. We could work a lifetime plus overtime and we would never get anywhere near that sort of money.

A few more facts for you, Congress: Lloyds Bank makes £2.2bn and pays no tax. HSBC rewarded five directors with £35m. Barclays paid seven *G-R-E-E-D-Y* bankers £150m. Northern Rock owned by us, bailed out by us, lost £250m and yet they paid £13m out in bonuses, and so it goes on and on. These *G-R-E-E-D-Y* selfish people sit in their Bentleys wondering where to stash their money for a rainy day. Sometimes I think some of them have enough money stashed away to see them through a thunderstorm. These people have no shame, no shame whatsoever. They are quite happy to be rewarded for failure.

Then there are Thatcher's sons, Davey and Ossie. They come along and they insult our intelligence saying that we are all in this together. He, he, he, he. The big society! Friendly communities! That is what the country wants, big societies, friendly communities. Let me say this loud and clear to Davey and Ossie, we already had big societies, we already had friendly communities, until you closed the mines, you closed the shipyards, and you closed the textile workers. *(Applause)* Then they tore the very heart out of the manufacturing industry, an industry that was renowned the world over. They say they are trying to save the NHS and the public services.

What a load of twaddle. What they are trying to say is, they are doing away with it and it is a pay service, if you can, when you can.

Give us five minutes, Mary. (*Laughter*) Dennis Healey once said, we should squeeze these people till their pips squeak, or words to that effect. That brings tears to your eyes. If they do a good job, pay them. If they fail, they get the sack, the same as the workers, only they do not even get their bus fare never mind about a bonus; we do not get it. What we need, Congress, is a government that has the bottle to pass a law that makes it mandatory to publish details of bonus pay, and if we are paying them for their failure, if we are paying them for their greed, and they are being bailed out by us, surely we have the right to know just what the hell is going on. Thank you, colleagues. I move. (*Applause*)

THE PRESIDENT: Thank you, Billy. I was ahead of time, now I am behind! Secunder?

SIS. C. LINES (Northern): Congress, when Northern Rock crashed in 2007 it was because of risky lending. The board of directors failed in their job of asking questions, and they did not scrutinise. The culture in Northern Rock was typical of UK business culture that was carried out for decades. Government says that the City is good for the UK and London needs to be the financial capital of the world. Congress, we need to learn the lessons of the last four years. We cannot allow the recession to go by without learning from it. We are suffering from the pain brought on by greedy bankers. Congress, an Act of Parliament will force those on salaries above a certain figure to have rewards published. It will help change the culture of the last 30 years, if the business has a problem or they have something to hide. Congress, please support. I second. (*Applause*)

THE PRESIDENT: Thank you, Carole. Anyone dare to come in on this debate? No? Can I put it to the vote? All those in favour please show? Anyone against? That is carried.

*Motion 151 was CARRIED.*

## **COMPANIES AND GOVERNANCE ACT MOTION 152**

### **152. COMPANIES AND GOVERNANCE ACT**

This Congress calls on the Coalition Government to bring in a new Companies and Governance Act to reflect the growing need across all sectors of the economy for regulation to establish basic principles of running organisations. Congress believes that such an Act of Parliament would provide organisations with the legislative framework to cover important areas of governance, such as Director and Senior Executive pay and avoid the scandal of greedy bosses lining their own pockets at the expense of their workforce.

STOCKTON NO 3 ENGINEERING BRANCH  
*Northern Region*

*(Carried)*

BRO. P. SAWDON (Northern): Congress, since the Thatcher years and the increase in globalisation, British markets have seen individuals rewarded before the workers and their communities. For generations individuals have set up companies, taken risks, and been keen employers. We negotiate with such employers on pay and conditions. Congress, we are not anti-business. Let me say we represent many members in companies owned by self-made people. We would rather be negotiating better pay and conditions on health and safety than taking a dogmatic position, but the last 25 years have seen the growth of people such as bankers, many of whom have gambled with other people's money. Privatisation has seen public sector managers become very wealthy simply because they had moved from the public to the private sector. No evidence of them being effective, no, they were just in the right place at the right time.

Congress, UK business has a self-regulating culture where cooperative pen pushers have become the unacceptable face of capitalism. The culture has to change. The banking crisis demonstrates that the country needs a better way of doing business. We need to regulate. Companies should have a clear commitment to the communities they operate in and have a clear sense of social responsibility. Congress, the new Companies Act that includes governance and represents a break from the failed policies of the last 25 years will help us move on from the worse recession since the Second World War. Please, I ask for support. I move. (*Applause*)

THE PRESIDENT: Thank you very much, Peter. Secunder?

BRO. P. OWENS (Northern): First-time delegate, first-time speaker. (*Applause*) Congress, every generation or so it has been necessary to bring in new laws on how companies should conduct business; and that time is now. We cannot let the worst crisis to hit us since the Second World War go without taking stock. We cannot go on with the failed free market capitalism of the last 30 years. We do not agree with former ministers, including Tony Blair, who put it down to globalisation. Congress, the business environment is wrong. The culture is wrong. The way people act is wrong. This motion is not about the hair shirt brigade, this is about us being fed up to the back teeth with the greed of the people who have little talent. Why should we reward failure? Congress, we need lawmakers to stand up to big vested interests. We need this Coalition Government to show that big business is in this together, like the rest of us, or is it just one law for the rich and one for the poor, as it has always been with the Tories. Please support. I second. (*Applause*)

THE PRESIDENT: Thank you, Paul. Well done. Anyone wish to come in on the debate? Can I now move to the vote? The CEC is supporting. Motion 152, all those in favour please show? Anyone against? That is carried.

*Motion 152 was CARRIED.*

THE PRESIDENT: Can I now move to the next part of the agenda? I will be calling Motion 154 now, Composite 12, Motion 159, Corporation Tax, and Motion 160.

## **INDUSTRIAL & ECONOMIC POLICY: ECONOMY: TAXATION & FINANCIAL REGULATION**

### **TAX AVOIDANCE MOTION 154**

#### **154. TAX AVOIDANCE**

This Congress notes:

- 1) There is significant cost to the UK economy of due to tax avoidance by corporations. The TUC estimated that £12bn is lost from the UK economy by the top 700 corporations.
- 2) A prime example is Vodafone. It became the focus for campaigners after it was reported that the company negotiated its way out of paying a £6bn tax bill, instead paying a lump sum of £800,000 and £450, 000 over the next five years. The tax was due after it was ruled that Vodafone's use of a subsidiary company, based in Luxembourg where profits were taxed at 1%, broke tax avoidance rules. It is probably a convenient coincidence that Vodafone's member of staff responsible for tax, John Conners, used to work for HMRC.
- 3) Vodafone is not alone: other high street names such as Arcadia Group (Burtons/Dorothy Perkins/TopShop/BhS), Barclays, Boots, HMV and corporations such as KPMG and Google have all been reported as tax avoiders.

This Congress also notes:

- 1) The TUC estimated that £8bn is lost to public funds from tax planning by the richest in society, i.e. those earning over £100k per annum. There is also significant cost to the UK economy due to tax avoidance by individuals.
- 2) Tax avoidance by wealthy people coming to live in the UK is possible due to the domicile rule. Someone moving to the UK can avoid tax for seven years on income except that which comes from the UK. After seven years they can avoid tax on their worldwide income by paying a one-off annual fee of £30,000. The domicile rule results in £3bn being lost from government revenue each year.
- 3) Sir Philip Green, boss of the Arcadia Group, is reported to funnel all profits from his businesses in his wife's name. Since she lives in Monaco, a tax haven, these profits avoid being taxed by HMRC.

This Congress believes:

- 1) There is growing public anger about the losses to the economy by these tax avoidances. This has been seen by campaigns such as UK Uncut, which has targeted Vodafone and the Arcadia group in their protests. The anti-cuts website [www.falseeconomy.org.uk](http://www.falseeconomy.org.uk) also highlights the problem.
- 2) That for Phillip Green whose business empire has profited from tax avoidance to be advising the government on 'efficiency savings' must stick in the throat of everyone suffering the effects of the recession and government cuts.
- 3) Collecting tax which would otherwise go to boost the profits of companies or line the pockets of the super-rich should be a priority for the government. If revenue were

increased in this way if would be an alternative to the cuts in public sector spending we are currently seeing and suffering the consequences.

- 4) That for the government to neglect to take action on this issue is a dereliction of duty. We can only assume that the Con-Dems are choosing not to take action on this issue to protect the rich and powerful.

This Congress resolves:

- 1) Mandate GMB political officers to work to secure visible support from GMB sponsored Labour MPs to not only raise the issue in Parliament but bring this scandal to an end.
- 2) To call on the government to invest in HMRC to tackle this problem both for corporations and wealthy individuals
- 3) That the GMB support protests, demonstrations and campaigns which highlight this issue, such as those recently orchestrated by UK Uncut.
- 4) To publicly make the arguments that public services and people's jobs are not a drain on society, that tax avoidance is.

LEEDS GENERAL BRANCH  
Yorkshire & North Derbyshire Region

*(Carried)*

**BRO. I. KEMP** (Yorkshire & North Derbyshire): It looks like I am taking over from Pam Ross. President, Congress, last year my dad, a man who worked all his life, paid all his dues and demands, never claimed from the state, was a Korean War veteran, received a tax demand for £200 because the way his company pension had been paid had changed. Chasing £200 from a 70-something, yet the likes of Lord Ashcroft worth billions has paid absolutely nothing, how can that be right? This is symptomatic of Britain in the 21<sup>st</sup> century.

Growing up in the 1970s I was told that by the year 2000 we would have achieved a fair and equal society. My memory of the 1970s is no matter how great things seemed it felt as though we were moving towards a brave new world and a better future. How wrong could you be? Instead of fairness we get pensioners pursued for owing next to nothing as a result of somebody else's error, yet multibillion pound corporations and individuals can evade their obligations and be praised for actually using their initiative because they are not paying their tax. How sick a society is it when those who can afford to pay are able not to pay?

The legal eagles may argue that there is a difference between tax evasion and tax avoidance but the results are the same. Money for schools, money for beds in hospitals, money for care of the elderly, all these things that are important to us are denied the funds because these people will not pay. Clearly, it is morally wrong that business does not run on morality, so I will put it in economic terms. It does not make business sense if your workers are worried about their kids' schools, if they are worried about the care their parents are receiving, if they are worried about the health of their partner, the work is going to suffer and your company's productivity is going to decrease. So, it seems to me to make business sense to pay fair taxes: your workforce benefits so your company will benefit, or maybe it is just that I am not cut out to be some ruthless avaricious capitalist pig. We keep being told there is no

money, honest Vince Cable said so this morning, yet the country is awash with money. It is just that it is all held in the wrong hands and they do not want to get shut of it. It is high time we stopped avoidance and evasion. Whenever we ask for a fair slice we end up with crumbs. I am sorry, but it is now time that we took the whole damned bakery. Support this motion, comrades, support an equitable tax system, support a fair and just society, and stop the rich fiddling while the British economy burns. (*Applause*)

THE PRESIDENT: Thank you, Ian. A seconder? Formally. Thank you very much.

*The motion was formally seconded.*

THE PRESIDENT: Does anyone wish to come in on the debate? No. Does Congress support with CEC Special Report. Yes? I will take them all together.

### **TAX AVOIDANCE AND TAX EVASION COMPOSITE 12**

*(Covering Motions 155, 156, 157, 158, 161)*

- 155. TAX AVOIDANCE BY THE RICH (*Midland & East Coast Region*)
- 156. SUPER RICH AVOIDING PAYMENT OF TAXES (*Midland & East Coast Region*)
- 157. TAX EVASIONS (*London Region*)
- 158. TAX (*Northern Region*)
- 161. TAX (*Northern Region*)

### **TAX AVOIDANCE AND TAX EVASION**

Congress notes that Governments have become too close to the City as the UK increasingly puts its economic faith in the financial services sector.

Congress is appalled that, over the last thirty years, successive Governments have sought to enable tax avoidance and failed to address, effectively, the increase in tax evasion. Congress notes, with alarm, the failure of the Labour leadership to give unequivocal policy direction on future taxation policy.

This Congress calls for a high profile campaign on future attempts to public service cuts by exposing the amount of tax evasions.

This Congress condemns the super rich in this country who are avoiding payment of taxes *and* calls on the Coalition Government to bring in zero tolerance for those in society that seek to dodge and avoid their responsibilities as taxpayers; especially among the very well off in the UK who are costing the Exchequer up to £100 billion p.a. This is in the face of GMB members who are seeing their jobs disappear and their terms and conditions of employment eroded as a result of unacceptable cuts in public spending. We believe that the billions of pounds being diverted to overseas tax havens by unscrupulous tax avoiders should be recouped by this Government. We therefore instruct our National Officers to step up our campaign in exposing these dodgers.

This Congress calls for the reinforcement of the tax system so that a progressive approach to tax-raising is adopted by Government. Congress calls on progressivity to be at the heart of

fiscal policy and calls on those who earn the most to pay substantially more than middle and lower income workers and households.

Congress further calls on the Labour Party to set a policy agenda that:

- does not favour big business against ordinary working-class people, and
- pledge to bring in such a zero tolerance if it gets back in Government.

*(Carried)*

BRO. N. WARE (Midland & East Coast): Congress, inequality in our country is continuing to grow at a frightening rate. The UK's top earners, the richest in our society, are taking an even bigger slice of the cake. If current trends continue, the organisation More for Less have reported that some inequality will be at levels last seen in Victorian times. The gap between those earning top wages and those on average income is widening. Back in 1999 the average Chief Executive Officer only received 69 times as much as the average worker; only 69 times. By 2009 this had increased to 145 times. Putting it simply, the rich are getting richer and the poor are getting poorer.

Mr. Cable, honest Vince, this morning told us the country is now a poorer place as a result of the banking collapse, but not if you are a Chief Executive Officer. He also spoke of a need to build a strong manufacturing base yet this Government allows companies like Vodaphone to avoid its commitment to pay tax, £6bn worth of tax. Money from these taxation dodgers could be invested in supporting our manufacturing, supporting companies like Tatter, allowing them to develop their business, grow employment and help halt the exodus of manufacturing out of this country. Money from tax evasion could be invested in organisations like Remploy to ensure vulnerable individuals, who will find it extremely difficult to find employment elsewhere, can stay in meaningful work, unlike Sir Philip Green and the companies that he oversees that last year avoided paying billions of pounds in taxes.

I have no problem with paying tax. The fact, quite honestly, Congress, is I have no choice, I have to pay tax. Like the majority of workers in this country tax is deducted at source via PAYE, but I have no problem with paying tax. As a responsible member of society I understand the onus on people to contribute towards society, the responsibility that those who are able to pay do pay, that those who earn more are able to contribute more, should pay more. But if - if - I did not pay my tax then the Inland Revenue would hunt me down to ensure that every penny I owed was collected. So then why won't this government with the same degree of vigour hunt down these tax avoiders and claim back what they owe our economy? This money put back into the public purse could build hospitals, could fund new schools, and could reduce the burden on our young people leaving university with the albatross of tens of thousands of pounds of debt as they enter adult life.

We ask that the GMB bring pressure to bear on the MPs that it sponsors to raise this issue in parliament, that the GMB supports demonstrations and campaigns which expose this deplorable theft. The GMB should produce literature explaining that it is not the lazy workers in public services that are a drain on society but these thieving, leeching parasites that are bleeding our country dry. I move. *(Applause)*



THE PRESIDENT: Well done, Neil. Secunder?

SIS. V. DAVIDSON (Northern): Congress, the Tory-led Coalition Government has said that we are all in this together. They say the deficit is all the fault of the last government. These are the same Tories who wanted less regulation during the banking crisis. Congress, if we are all in this together, that means plugging the loopholes of the rich tax evaders who tell us to take less and pay more. They put their money out of the reach of the tax authorities and pay virtually no UK tax. The level of tax that goes unpaid by rich tax evaders could be as much as £100bn per annum. It is a disgrace that the Government efficiency guru, Sir Philip Green, is one of the great British tax avoiders by putting his money offshore. He even put it in his wife's name to cut his tax liability. This scandal has to stop.

Congress, even in the last Labour government they hardly ever mentioned the phrase, "redistribution of income". Labour was too timid. They swallowed the view that the free market ruled okay. Congress, the highest margin of rates of tax is paid by the lowest incomes. The Labour Party needs to set out a clear path in favour of progressive taxation where the more you earn the more you pay. Low and middle income earners should have their tax burden reduced. That is the way to redistribute income. We do not need tax cuts for the rich. We should not be scared of falling out with the Cities. No more tax loopholes, no more avoidance. I second. (*Applause*)

THE PRESIDENT: Thank you, Ronnie. London Region.

SIS. J. SMITH (London): Congress, what is there left for me to add? My previous speakers have spelt it out to you. Congress, please vote for this resolution with the instruction that our great GMB union has a continuing campaign in exposing these sleazy, sneaky, fat rats, tax dodgers. Congress, if you or I took these evasive steps to avoid paying our taxes, we know what would happen to us so what is good enough for us, legal abiding citizens, should also apply to these sleazy, sneaky, fat rats. Please support this resolution. (*Applause*) Mary, can I just have one second, please?

THE PRESIDENT: Go on.

SIS. J. SMITH (London): Last year, Congress, I had a bucket collection for STEPS charity. For those of you who donated money, from the bottom of my heart I thank you. Can I say at our last regional council meeting of London Region I presented to Sarah MacDonald of STEPS, with the support of our London Region and the extra money given by the CEC, a cheque for £3,324. (*Applause*) Can I also say since that money has been presented I have sent off a further cheque of £250 from Norfolk Public Services Branch. I thank you all very much for supporting this very valuable charity that provides toys and switches for our severely disabled children. (*Applause*)

THE PRESIDENT: Thank you, Jan.

SIS. J. SMITH (London): Mary, we have Maggie who is here today, so can I appeal to the CEC that they dip their hands in their pockets to try and donate some money to help that family with all they have endured. Thank you. (*Applause*)

THE PRESIDENT: Thank you. I think it is help she wants with caring. Okay, can we now move to Motion 159, Corporation Tax?

## **CORPORATION TAX MOTION 159**

### **159. CORPORATION TAX**

This Congress believes that tax is a key weapon in the fight against poverty. Taxes paid by companies and individuals enable Governments to fund vital public services such as health care, education, clean water and electricity and to finance anti-poverty programmes throughout the world. So when the multinational corporations fail to pay the tax they owe, it's the poor who pick up the bill. Yet companies now see tax dodging as a legitimate part of their business operations and the cost to society is enormous.

Developing countries lose an estimated £250 billion every year as a direct result of corporate tax dodging – money which could be used to reach the UN's Millennium Development Goals several times over.

Tax avoidance and capital flight cost Africa five times what it receives in aid in each year.

And it's not just developing countries that lose out. Britain also loses an estimated £100 billion a year through tax dodging. That's enough to double funding for the NHS. Alternatively, the same sum could cover the full state pension, eradicate student fees and enable Britain to reach the UN aid target of 0.7% of gross national income overnight.

One popular way of dodging tax is to register companies in tax havens, locales that allow companies to get away with paying minimal tax, if any. Tax havens also place little or no reporting requirements on companies, allowing them to keep secret the true sums they should be paying in tax. This then denies vital revenue to the countries in which those companies have made their profits.

Another favourite method is trade mispricing, including through the mechanism of transfer pricing. Transfer pricing involves selling items between different parts of a multinational company and deliberately mispricing the sales so as to shift the company's tax obligations to countries where it will pay less. In this way companies have 'charged' themselves over £4,000 for a ballpoint pen and under £1 for an entire prefabricated building in order to dodge the tax they owe. Transfer pricing abuse costs developing countries around £100 billion a year – twice what they receive in aid.

The UK plays a major role in helping companies dodge the tax they owe. Many of the world's tax havens are British, whether overseas territories such as the Cayman Islands, Bermuda and British Virgin Islands or Crown Dependencies such as Jersey, Guernsey and the Isle of Man.

The City of London acts as the nerve centre for these tax havens and support an army of pinstriped Lawyers and Accountants devoted to helping companies dodge tax. But as these individuals rack up ever greater profits for their companies (and cash in their own Christmas bonuses) it is the poor who are left to pay the price.

We believe it is time to put an end to this corporate tax scandal and justice, like charity, begins at home. The UK is a major part of the global problem of corporate tax dodging. We believe it should be part of the solution.

Congress therefore instructs the CEC to take this matter up with all our political, Trade Union and social contacts to seek a fairer and a more just tax system as soon as possible and make a report to the 2012 GMB Congress on progress.

W50 WELLINGTON BRANCH  
*Birmingham & West Midlands Region*

*(Carried)*

BRO. J. MOORE (Birmingham & West Midlands): I want to recall to you, Congress, the scandal that was unearthed a couple of years ago where they found that a cleaner in an office block in the City of London can pay more tax than the multinational company or the private equity firm that employs them. When firms decide to hide their taxes in British overseas territories or Crown dependencies, or any other tax haven in the world, who is hit the hardest? The answer is the working class. That is what is driving the cuts agenda at the moment. Tax avoidance is not just a problem peculiar to Britain. Avoidance and capital flight cost Africa five times what it receives in aid each year, an estimated £250bn. Collecting the tax is not going to be a magic wand solution, it does not automatically take us to the socialist Utopia, but imagine the potential things we could achieve by collecting the £100bn that we are rightfully owed. You could double NHS funding, you could increase the state pension, eradicate student fees; in fact you could bury the whole cuts agenda. I could go on. Therefore, we instruct the CEC to campaign to seek a fairer tax system and report back to Congress 2012. I move. *(Applause)*

THE PRESIDENT: Thank you, colleagues. A seconder? Formally. Thank you.

*The motion was formally seconded.*

THE PRESIDENT: Motion 160, Tax Havens put under Bank of England Control.

## **TAX HAVENS PUT UNDER BANK OF ENGLAND CONTROL MOTION 160**

### **160. TAX HAVENS PUT UNDER BANK OF ENGLAND CONTROL**

This Congress notes that many of the tax havens around the world are former colonies or dependencies of the UK. They use the English language and the English legal system to their advantage but are not subject to British bank regulations. Congress calls upon the GMB to use its political influence to campaign for these tax havens to come under the jurisdiction of the Bank of England.

CAMBRIDGE 2 BRANCH  
*London Region*

*(Carried)*

BRO. A. ROBERTS (London): Madam President, Congress, I have been around a few years and like everyone in here I have paid tax on everything I have earned, so why is it that there are a few out there who are getting richer and fatter on us? Hey-ho, they do not have to pay money to the taxman. These people use all the same facilities that all our tax money is paying for, such as pavements, the lot; you name it, they use it. We feel they should pay to use these just like you, and me. We are all in this boat together, surely? They are actually using our language, English, to get all

these banks offshore. I think it should be put back under British control. I think we should put a plug in the sink. Let's stop this drain. I move. (*Applause*)

THE PRESIDENT: Thank you. A seconder?

SIS. D. KENNETT (London): I ask Congress to support this motion. Tax havens are offshore bank accounts held by rich people who use this loophole as a way of avoiding tax in this country. This, in my opinion, is wrong. If they live and work here, send their children through the school system, use the universities, use the National Health Service, even public transport, any service provided in this country, they should pay tax the same way as you and me. If these tax havens came under British control the revenue that could be clawed back would be astronomical, a boost to the economy, and this would stop the Government's need for cuts and job losses. Tax inspectors who are going to lose their jobs could be put to good use recovering the VAT instead of propping up the employment line. VAT has increased and, as we know, this is an unfair and unjust tax on the poor as everyone has to pay the same regardless of their income. In this country if we pay tax, why is it the rich do not have to? Are they above the law? In society it is a wrongdoing with a democratic right to amend it. It is blatantly obvious that this loophole is unfair and unjust and we must call upon the Government to close it. We as taxpayers are paying the rich to stay rich and the poor to get poorer. If this loophole is closed it will reduce the deficit in the tax we have to pay: but will they close it? It is time the rich paid for the lifestyles that we have provided so long for them. It is time to give back what they owe each and every one of us. I ask Congress to support this motion to close the loophole for the benefit of you, me, and everyone else who legally pays their taxes in this country. I second. Thank you. (*Applause*)

THE PRESIDENT: Thank you. Can I now move to Motion 162?

## **INDUSTRIAL & ECONOMIC POLICY: ECONOMY: PUBLIC SPENDING: FIGHT THE CUTS**

### **OPPOSING THE GOVERNMENT'S ATTACK ON THE PUBLIC SECTOR – ALTERNATIVES TO CUTTING THE DEFICIT MOTION 162**

#### **162. OPPOSING THE GOVERNMENT'S ATTACK ON THE PUBLIC SECTOR – ALTERNATIVES TO CUTTING THE DEFICIT.**

This Congress notes that the Con-Dem Government says that massive cuts in jobs, public services, pay and pensions cannot be avoided – there is no alternative to tackling the public sector deficit.

We disagree and so do many experts. We don't deny the deficit it was an inevitable result of the worldwide recession. The UK is in debt because the banking sector collapsed in 2008 sparking a recession. Bailing out British banks cost £1.3trillion, and the recession hit tax revenues and increased unemployment. People working to provide public services did not cause this crisis and we should not have to pay for it.

There are alternatives. Each year £70billion is lost to the economy through tax evasion and a further £25billion through avoidance. Much of this could be recovered if HM Revenue and Customs employed more staff and the legal loopholes were closed. But the Government is cutting the number of tax staff every year.

By just collecting tax that is rightfully ours, including that owed by the wealthy and big business, we could avoid public service cuts. The proposed Robin Hood Tax on financial speculation could also raise \$400billion globally.

There is another factor that Ministers ignore: the amount of tax they collect depends on how strong the economy is. If the economy does well, then that automatically helps close the deficit. If companies become more successful and more people are in work then they pay more tax.

That's why we say the cuts are a false economy. Our economic problems run deep, and experts argue about them in ways that most people do not understand. But the basic issues at stake are not that difficult – and we do have choices about what to do.

These deep and rapid cuts are not only damaging and unfair, but unnecessary. Over 100,000 Council workers had received redundancy notices by early this year – the figure is set to rise much higher. Home Care Helps, Social Workers, Teachers and Refuse Collectors are all desperately worried about their future. The same goes for staff in the NHS and Central Government.

We therefore instruct the CEC to make it a priority over the next 12 months to campaign for:

- Policies that will get the unemployed into work (and we don't mean cutting their benefits).
- A Robin Hood Tax on financial transactions
- Tax justice to include a crack-down on tax avoidance and evasion.
- The retention of public sector jobs and that public services remain public.

GMB@PCS BRANCH  
London Region

*(Carried)*

SIS. H. PURCELL (London): Congress, let's be in no doubt from the outset that there is an alternative to this Government's brutal cuts agenda. There is an alternative to cutting public sector jobs and forcing workers into unemployment. There is an alternative to degrading our public services and breaking up the Welfare State. There is an alternative to making the most poor and vulnerable in our society pay for the mistakes of the most rich and privileged. These cuts are not inevitable. They are an opportunist ideological choice. This administration is doing what the Tories have always done, privatising public goods and services; making the wealthy even more wealthy.

So, what are the alternatives? For starters, let's make our tax system a fair and progressive one. The UK is one of the most unequal societies in Europe. The poorest 10% pay more tax as a percentage of their income than the richest 10%. A more progressive system may involve applying the 50% tax rate to incomes over £100,000 and abolishing the upper limit for National Insurance contributions. Tackling avoided, evaded, and unpaid tax in the UK economy is fundamental. Each year over £100bn is lost to the economy through evasion and avoidance of tax. The Government emphasises the cost of fraud when only £1.5bn is lost in this way but turns a blind eye to people like Philip Green, the head of the Arcadia Group, who does not bother to pay tax, as we all know by now. By signing his company over to his wife who lives in Monaco, a tax haven, he has dodged hundreds of millions of pounds. If the Government collected all of the tax we are owed there would not be a long-term deficit, but instead of closing the tax loopholes and employing more experts

to collect these taxes, the Government has decided to cut thousands of jobs in HM Revenue & Customs. Where is the sense in that? I suppose it makes sense if you are to let your mates off the hook.

Integral to the alternative is the notion of a Robin Hood tax. The Robin Hood tax is a package of financial taxes. A Robin Hood tax of 0.05% on each of the millions of daily financial transactions would provide a new source of finance and would make the banking sector pay a fair share of the taxation needed to tackle the deficit reduction. If introduced it could raise a further £20bn through an expanding bank levy, financial transaction, or activities tax. Sadly, this Government remains unconvinced. It has announced a bank levy of £2.5bn but the banks have had other taxes cut or held over, so this does not go far enough.

Last but not least tackling growing unemployment is also integral to the alternative. If people are not working they are not paying tax, they are relying on the Welfare State and the Welfare State cannot be adequately funded if tax is not being collected. We need policies that get the unemployed back into work and that does not mean penalising the most vulnerable in society by cutting welfare payments, redrawing the boundaries, or reassessing claimants so that thousands of people no longer qualify. There are now 2.5 million people unemployed with over 1.5 million claiming Job Seekers Allowance. This year long-term unemployment, those out of work for over a year, was higher than total unemployment 40 years ago. The role of government was once seen to be guaranteeing full employment but successive governments have privatised more of the economy and deregulated the labour market. Instead, we need policies that will encourage job creation based on public investment in new energy, transport, and housing infrastructure, and in public services. We need a dignified standard of living for those out of work with much increased levels of benefits and more free training and educational opportunities for those who are unemployed.

Colleagues, I say the cuts are a false economy. They are an attack on workers and the most vulnerable in our society. The alternative is fair and equitable. Congress, let's campaign for the alternative. Let's campaign for social justice. I move. (*Applause*)

THE PRESIDENT: Thank you. Secunder?

SIS. K. WEBB (London): First-time delegate to Congress, first-time speaker. (*Applause*) Well, here we go again, another Tory government, another threat of cuts wherever they can find to make things more beneficial to the fat cats. Congress, this is nothing new. This is the history of the Conservative Party. They do not want to know about poor people with what they consider to be small jobs. They want to benefit everybody with white collar jobs. Public services are essential to every one of us in our day-to-day lives and these services should be fought for and rescued from privatisation, job cuts, and pay cuts. I call on the CEC to make this issue a national issue and to attack the Government with the full support of this Congress and our members across the nation. These cuts are not the way forward. The consequences will be fed back to the poorer areas around the country and it is the working class who will suffer. There is already an increase of unemployment in the UK. Let's not make it worse by allowing these cuts to our services to go ahead. There are other ways to cut the deficit, like cracking down on tax avoidance and evasion; huge sums could be recovered if legal loopholes were closed and more staff were to be employed by HM

Revenue & Customs. So, Congress, let's get together to support this motion and find a way forward. I second. *(Applause)*

THE PRESIDENT: Thank you. Motion 163, and then I will be calling Composite 14 and Motion 174.

## **PUBLIC SERVICES AS KEY TO ECONOMIC RECOVERY MOTION 163**

### **163. PUBLIC SERVICES AS KEY TO ECONOMIC RECOVERY**

This Congress rejects outright this Government's ideological pursuit of their attacks on Public Services in the belief that this is an effective or legitimate means to achieve economic recovery.

Congress fully understands that our economic recovery is linked to strong and vibrant Public Services.

GMB Scotland supports the position that the principle of Public Services being delivered publicly is the only sustainable model which will benefit civic society.

This Congress rejects this Government's position that our economic recovery must be based on Public Sector jobs being lost, pay and pensions being reduced as the only means of addressing the deficit and achieving economic recovery in the UK.

Congress is therefore calling on the UK Government to completely review and reform the tax system ensuring fairness and not favour to their business friends.

These reforms to include:

- An end to the current tax relief to higher earners and the introduction of 50% tax rate on earners over £100,000.
- That rather than reducing those employed in tax collection there needs to be more effort in recovering uncollected tax thereby reducing our deficit.
- The introduction of a Robin Hood Tax.

Congress therefore calls on every effort to campaign for these changes.

FALKIRK PUBLIC SERVICES BRANCH  
GMB Scotland

*(Carried)*

BRO. A. McAUGHTRIE (GMB Scotland): This Congress rejects outright this Government's ideological pursuit of the attacks on public services and the belief that this is an effective or legitimate means to achieve recovery. Congress fully understands that our economic recovery is linked to strong and vibrant public services. GMB Scotland supports the position that the principle of public services being delivered publicly is the only sustainable model which will benefit civil society. Congress rejects this Government's position that our economic recovery must be based on public sector jobs being lost and pay and pensions being reduced as the only means of addressing the deficit and achieving economic recovery in the UK. Congress is therefore calling on the UK Government to review completely and reform the tax system ensuring fairness and not favour to their business friends. These reforms include an end to the current tax relief to higher earners and the introduction of 50% tax rate on earners over £100,000, that rather than reducing those employed in

tax collection there needs to be more effort in recovering uncollected tax thereby reducing our deficit, and there needs to be the introduction of a Robin Hood tax. Congress therefore calls for every effort to campaign for these changes. Congress, I move. *(Applause)*

THE PRESIDENT: Thank you. Secunder.

SIS. J. COOPER (GMB Scotland): In seconding this motion I believe that only public services can deliver the services that benefit our society and attacking the pension conditions of low paid workers is not the way to achieve these savings. The cuts are damaging to the vulnerable in our society and our low paid frontline staff will pay for this financial disaster. We all know that this was caused not by our members but the friends of the millionaires in government. Reforms which we need to be campaigning for are: the 50% tax rate on earners over £100,000, let's ensure that we keep an eye on our managers who will now earn £99,999, stop writing off unallocated tax, and employ more staff to ensure that those who can pay do. A Robin Hood tax should be to rob the rich to help the poor, not rob the poor of everything they have fought for. Congress, we must unite to fight these cuts and I urge you to support this motion. *(Applause)*

THE PRESIDENT: Thank you, colleague. Can I now ask Southern Region to move Composite 14?

**CON-DEMS AND THE “BIG SOCIETY” CON  
COMPOSITE 14**  
*(Covering Motions 172 and 173)*

172. THE BIG SOCIETY *(Southern Region)*

173. CON-DEM, BIG CON *(London Region)*

**CON-DEMS AND THE “BIG SOCIETY” CON**

This Congress wholeheartedly agrees that the Tories attempts to promote themselves as the party of the Big Society is nothing more than a cynical attempt on the one hand to pretend that a compassionate society does not already exist and on the other it is a blatant attempt to cover or cover up those posts and services that will be lost as a result of their draconian cuts to jobs, services and benefits.

Congress agrees the Lib Con Government is using the concept of the big society as a smokescreen to demolish the principles and structures of the welfare state. It is a cynical excuse to avoid the rich paying their far share, by reducing public services, in the hope charities, the long term unemployed and other disadvantaged and coerced people will fill the gap. If they don't then it does not matter to this Government. They should remember there is a co dependency between what is public and private. They should be in government to look after the population, not just those who can afford to pay for everything themselves.

The result is for example:-

- Services for the community will be curtailed.
- Many government workers will find themselves unemployed.
- School children will be cleaning the streets.



- The long term unemployed will be forced to do the work that was once done by local authority workers.

So you will have the spectre of an ex council employee doing their old job in return for the jobseekers allowance.

Charities are working flat out, within their means, to supplement public services. They are unable and unwilling to fill the gap that will be left. Volunteers are difficult enough to find without them being siphoned off by local authorities to do their work. Local authority spending is being squeezed, leaving precious little for the support of charities. We welcome the idea of the big society; this is something the Labour movement has believed in from the start and why we support fair taxes (from each according to their ability to each according to their need). However, this needs proper funding and should not be at the expense of our members' jobs and the needy.

This Congress therefore calls upon HM Government to promote a truly inclusive society, by supporting with sufficient funding, local and national authorities, government workers and charities, that provide services for the community.

Congress further agrees that we should publicise all of those thousands upon thousands of additional services and acts of assistance that many in the public and private sector carry out in the course of their daily routines towards the elderly and disadvantaged through goodwill.

*(Carried)*

BRO. R. REEVES (Southern): President, Congress, this motion and title sums up what this Government is all about, deceiving the voters into believing they are compassionate at the expense of the needy without having to get their supporters to pay. This deception needs to be exposed to show them up for what they are, a bunch of charlatans. It is not me saying this but an independent cross-party commission chaired by the Lib-Dem peer, Lord Rennard, although they do not use these words. In their report published less than a month ago it says that the Government's enthusiasm for the big society risks being undermined by over-rapid and poorly managed spending cuts, that the failure to tell a significantly compelling narrative has fuelled high levels of cynicism at the motives behind it.

At a time of swingeing public spending cuts this report still believes the Government motives are honourable, but we know better. We know them of old, still the same old nasty party. We cannot expect the Tory leopard to change its spots, nor the Lib-Dem chameleon not to change all the time. In a You-Gov poll carried out by the Commission 78% of the public believe the Prime Minister and Government have failed to articulate what the term actually means. It is up to us to tell them that it is all a big con to cover up the spending cuts.

If they really want to create a big society, they need to create a fair society that rewards enterprise not at the expense of the needy or our members' jobs by privatising services, some abroad, and then making those affected unemployed and costing society more; that has a fair reward system by valuing higher earners, by taxing them to pay for the services that government both local and national provide for all, not by allowing huge bonuses and salaries to bankers, and state-controlled executives; that protects all in society not by cutting the budgets of councils by 28%, health and safety executive 35%, police 20%, the very people that look after and protect the vulnerable

in society; that supports charities who fill the gap in what government can do, not by leaving charities to replace services previously supplied by government and at the same time reducing their grants by charging for services, siphoning off their volunteers, and then expecting those remaining to take up the slack; impossible.

To show you what a sham this is only last Friday the headline on the front page of my local newspaper was, “Community centre shut down shocker.” This centre was set up four years ago with a government grant of £110,000 to serve the local community and used by up to 100 groups, including many charities. It is being allowed to close for the want of a £25,000 grant from the council as a grant for running costs. This council is the Borough of Windsor & Maidenhead, a flagship borough: so much for promoting the big society. If it happens there it will happen anywhere.

We should be able to welcome a government initiative called “the big society” because it is at the root of socialism. We should include all in society, the volunteers, trade unions, and political parties, and not be used as an excuse to cut government spending at the expense of the poor and needy. We must spread the word how dishonest this Government is. We through the Labour Party need to have clear, positive policies and strategies to bring them about, say what we believe in to anyone who will listen, so that next time there is a general election the voters will believe us and vote for integrity, a better future, and a truly big society. Please support this motion. (*Applause*)

THE PRESIDENT: Thank you, Roy.

BRO. V. WEST (London): I am seconding the composite motion on the so-called Big Society. All politicians have their catchphrases dreamt up by their spin doctors. I even remember a few of them: *Education, Education, Education; Tough on Crime, Tough on the Cause of Crime*. I am not against catchphrases, we even have a few of our own, and here is one to go out to the media today: *No ifs, no buts, no to public sector cuts*. At their best catchphrases encapsulate a short and easy to understand message. Let's turn to some of this Government's catchphrases: *broken societies*, and more recently, *the big society*. Well, David, tell us what your vision of a big society is. Is it the collapse of Southern Cross leaving 31,000 vulnerable residents homeless? Is it the bankers returning to their same old ways that brought the financial sector to its knees and to recession? Is it the libraries or home care services being taken over by volunteers to keep them open? Is it a return to the 1980s when whole communities became no job zones for generations? Is it young people being left on the scrapheap when they leave school or students being saddled with tens of thousands of pounds worth of debt when they leave university? Is it the tens of thousands of families on council waiting lists that never have a hope in hell of getting a house? Or is it, even as Boris Johnson agreed, the ethnic cleansing of London due to the cap on housing benefits?

Well, David, our vision of a big society is very different. Our vision is of a big society where people organise collectively to protect themselves and their communities. Our vision is of a big society where the state provides dignity and respect for the vulnerable, whether that is the young, the old, the disabled, the sick, or the have-nots. There is a role for charities and volunteers but they will never replace the professionalism of dedicated members of our community, of our members, who

work day in and day out to provide a big society. David, we have not been conned. We know what lies behind your catchphrase of a big society. We understand it means cuts, service closures, and a life of misery for many. We know we have a fight on our hands but we are ready for it. The real big society will be built in our workplaces, our branches, and in our communities. Our big society is depicted on the banner behind me. Our big society is half a million people on the streets of London on 26<sup>th</sup> March. Here is my final catchphrase, Congress: *Our big society is Keynesian, it is not Dickensian*. Rise to the challenge. Go back to your workplaces and expose Cameron's big society for what it is, a con. (*Applause*)

THE PRESIDENT: Thank you, Vaughan. I ask the mover of Motion 174 to come forward.

## **SPENDING DEFICIT MOTION 174**

### **174. SPENDING DEFICIT**

This Congress is disgusted at comments by the Deputy Prime Minister in claiming that the deficit should not be seen as a catastrophe for progressive politics, but a chance for renewal and for refocusing the role of the state. Congress notes that the last time Liberals were in power for any length of time as a Party of Government, they fostered massive gaps between rich and, what they believed was the undeserving poor. Congress believes that it is elitists like the deputy Prime Minister and Leader of the Liberal Democrats who have more in common with the Prime Minister and his Old Etonian friends than those on low and middle incomes.

SELLAFIELD INDUSTRIAL BRANCH  
*Northern Region*

*(Carried)*

BRO. W. STEWART (Northern): President and Congress, I move Motion 174 – Spending Deficit. Congress, at the General Election the Lib Dems said that they would not increase VAT and signed the pledge not to increase tuition fees. Nick Clegg said at the time that the Alternative Vote Referendum was a miserable little compromise. Just three days after the General Election he signed the Coalition Agreement. Nick Clegg put his views in the bin. Congress, once he became Deputy Prime Minister, Nick Clegg then had the cheek to say that the deficit reduction package was not a bad thing for progressive politics. He even claimed that Tory-led Coalition policies could be a change for renewal and refocus the role of the state. We know what the role of the state looks like in Tory and Lib-Dem Britain. For two centuries the Tories and the Lib Dems ruled Britain. Then the quality of life for what they described as the “undeserving poor” was miserable. Yes, the Lib Dems ruled Britain for a brief period a century ago and carried out policies that helped the poorest, but then they reverted to type by getting into bed with the Tories. Then what happened? The Tories kicked them out of the bed. The result was the Great Depression. Congress, we are back in those times. We know what local government looks like whenever the Tories and the Lib Dems are in power. It means sackings, it means cutbacks and, as Vince Cable proved this morning, it means hostility towards trade unions. Congress, there is nothing progressive in Nick Clegg or the Liberal Democrats. They sacrificed their principles for red boxes, and they are happy in a coalition with their public school buddies. We should never, ever, forget that when it comes to our policies and our campaigns. Thank you.

THE PRESIDENT: Seconder?

BRO. M. WETHERELL (Northern): I second Motion 174 – Spending Deficit. I am a first-time speaker and first-time delegate. (*Applause*) Congress, the coalition Government has set back progressive politics by a generation. The Labour Party should never do business with the Liberal Democrats currently in power. That should be the Labour Party’s pledge to its members, its affiliates and our people. The duplicity that the Lib Dems showed during the coalition talks with both Tories and Labour was two faced. Let’s be clear. The Lib Dems hated Gordon Brown. You only have to watch their body language since the General Election talking about the coalition talks to see that. Their leaders sacrificed progressive principles for a red box and a car. The Lib Dems know nothing about low and middle incomes. It is worth noting that when the expenses scandal was raging, who was one of the worst offenders? Yes, Nick Clegg. He spun and flipped more than Shane Warne.

In everything we do we should make it clear where we stand on Lib Dems. They are careerists, they stand for Conservatism, they are not progressives and they will do nothing for our people. Please support this motion.

THE PRESIDENT: Well done. Doug.

BRO. D. RIGBY (London): Congress and President, I am speaking on behalf of Composite 14, the Big Society. Con Dem, a big con. Congress, the sentiments of the mover were never more sincere. Everyone in this room at some time has gone the extra mile, but they do it because they want to. I’ve looked in the dictionary and there are over 180 words that start with the three little letters C.O.N. Con. Here are a few examples that sum up the Con Government. First, let me tell you the words, as defined in the dictionary, for “conservative”: “Opposing the change. The British right-wing political party which believes in private enterprise and capitalism.” “Con: Short for confidence trick, conning, con, deceive, swindle, conceal, cover, hide and keep secret”. If you think about that, you will like this one: “Condor – large vulture”. We all know what vultures do. They pick on the weak and dying. It continues: “consume, destroy”. Again, I think you will like this description: “contagion, passing on of a harmful disease by contact; spreading of harmful influence.” Hang on ladies and gentlemen: “Contaminate, make impure; conscience, sense of right or wrong as regards thoughts and actions.” They haven’t got a conscience. Okay, Congress, I’ve done the Cons.

Now it’s the Liberals turn. I give just a couple of words from the dictionary with “L.I” in them: “Lice or louse.” I like the next one: “lichen: small flowerless plant, forming a crust on rocks, clinging on.” (*Laughter*) Now the last one: “Lie or lying”. Need I say any more. Congress, I ask you to support this motion.

THE PRESIDENT: Thank you, Doug. I got a bit worried when you started to use a different spelling with the “C”. Can I please go through how we will deal with the debate. The CEC’s Special Report will be moved and seconded on behalf of the CEC by Paul McCarthy. I will then call for any speakers and Paul will give you the positions on CEC Motions 159, 160, 162, 163, Composite 12 and Motion 174. Colleagues, whilst we have been having this extremely long debate, which is very

important, I have had eight regions in that debate. I will trust your judgment, after Paul has moved and we have seconded the report, that everything that should be said on that report has been said and incorporated in your moving and seconding. Unless you have got a real burning desire to come to the rostrum, think carefully. Is that okay, Congress? (*Agreed*)

**CEC SPECIAL REPORT: A FRESH WAY FORWARD FOR THE UK ECONOMY**

# **CENTRAL EXECUTIVE COUNCIL SPECIAL REPORT**

## **A Fresh Way Forward for the UK Economy**

**ANNUAL CONGRESS 2011  
THE BRIGHTON CENTRE**

**SUNDAY 5 JUNE 2011 to THURSDAY 9 JUNE 2011**

### **Introduction**

- "There was nothing fair about the financial crisis. It was caused not by problems in the real economy; it came out of the financial sector. But it was the real economy that suffered and the banks that were bailed out. Your members, and indeed the businesses which employ them, are entitled to be angry"<sup>1</sup>.

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<sup>1</sup> Mervyn King, Governor of the Bank of England, speaking to the TUC Congress, September 2010.

- "The Bank governor noted that UK wages were stagnant, and - coupled with high inflation - this had led to the longest decline in the real value of take-home pay in the UK since the 1920s"<sup>2</sup>.

This report examines the origins and consequences of a banking crisis that has triggered the worst recession since 1945. One that has forced governments around the world to choose between either the complete collapse of their financial system and economic catastrophe, or hugely expensive bank bailouts paid for by their taxpayers. A crisis that has done so much damage to the public finances that even governments could not afford to ride to the rescue should anything like this happen again in the foreseeable future, as well it might.

By knocking the UK public finances into such poor shape a crisis that began in the UK financial sector has provided a perfect excuse for the Tory/Lib Dem coalition to make savage cuts in public services and welfare benefits, in an ideological assault on the role of the state beyond anything even Margaret Thatcher attempted.

**Government spending did not cause that crisis. Nor did public borrowing. There was no problem with the public finances before the banks got into terrible trouble, causing confidence to collapse and the economy to sink into recession. As the recession hit home, firms and families cut back on their spending, tax revenues sank and public borrowing soared.**

The crisis really stemmed from an explosive mix of recklessly irresponsible borrowing and lending by banks that a flawed system of financial regulation did nothing to stop. The Labour government's relaxed approach to City regulation played a part in an extravaganza of excess and greed which engulfed the financial sector. Rubbing shoulders with Manhattan mega bucks and smooth City slickers seduced senior ministers. They acquiesced in a system of financial regulation which proved to be more soft touch than light touch.

Labour did respond positively once the true scale of the crisis had become clear, as this report acknowledges, and their positive achievements during 13 years in office warrant proper recognition. But the recession caused by the financial crisis has dealt a massive blow to the UK economy, costing it five years growth so far. Instead of expanding as expected, national income has fallen back to where it was in 2006. Output and income today are ten per cent below where they were expected to be five years ago. They are not forecast to regain even 2008 levels till 2013. In a very real sense Britain is living in the past.

As a nation we are poorer than we expected to be, and will remain so for years to come. Economies fall into recessions quicker than they recover from them. The priority should be to get the economy growing again and to make up for lost time. Trying to bring the public finances back into balance too quickly risks stalling the engine of growth and getting the economy stuck in years of stagnation. That is exactly the gamble that Britain's coalition government is taking today.

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<sup>2</sup> BBC News web site, 25 January 2011.

The recession casts a long shadow that will constrain the public finances far into the future. In the cramped economic circumstances that lie ahead only a radical response to banking reform, to public spending and taxation, and to industrial and employment policy can put Britain on a path to growth, jobs and a fair society. This report suggests what that radical alternative could consist of.

**"On the surface, it looked like prosperity ..... But underneath, something was going wrong"** <sup>3</sup>

GMB Congress last met in Brighton in June 2007, a time when few people seemed worried about the UK economy. In an opinion poll only 10 per cent of the public ranked the economy as an important issue facing Britain <sup>4</sup>. But by the end of 2008 some 66 per cent did so, and by the general election in May 2010 it was 71 per cent. Today the Preliminary Agenda for GMB Congress 2011 puts the economy centre stage with dozens of motions about the economy, banking, taxation and public spending.

Congress 2007 carried composite motion 15 which began with the words "Congress recognises the Government's success in maintaining a stable economy with record levels of employment and commitment to sustainable economic growth". Small wonder.

- Ten years of steady economic growth had seen UK employment reach record heights, with three million extra jobs under Labour.
- "The economy has done well under Labour. Gordon Brown, the chancellor of the exchequer, can boast a triple triumph of steady growth, low inflation and low unemployment" (The Economist, 7 April 2005).
- Consumer spending had been growing strongly for years, albeit against a backdrop of increasing household debt.
- House prices had boomed and were still rising at a double digit rate, making many lucky home owners feel better off.
- The FTSE 100 index of share prices for the biggest hundred firms on the UK stock exchange had hit a six year high, reflecting optimism about Britain's economic prospects.
- And the pound sterling had risen above the \$2 mark for the first time since 1992, making travel budgets stretch a lot further on foreign holidays, adding to the sense of wellbeing.

Not everything in the garden looked lovely. For instance, three quarters of adults in the UK felt that the gap between those with high and low incomes was too large. Also, by 2006 some 18 per cent of the UK population, over 10 million people, lived in low income households compared to 13 per cent in 1979 <sup>5</sup>. And the number of manufacturing jobs had fallen from 4.5 million in 1997 to only 3 million in 2007 <sup>6</sup>.

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<sup>3</sup> 'The Financial Crisis Inquiry Report - Final Report of the National Commission on the Causes of the Financial and Economic Crisis in the United States', Authorised Edition, January 2011, page 6.

<sup>4</sup> Ipsos-MORI

<sup>5</sup> Social Trends 2008, pages 71 and 74.

<sup>6</sup> HM Treasury 'The Plan for Growth', March 2011, page 11.

So there was plenty for the labour movement still to fight for, and that was what Composite motion 15 went on to say. But the consensus view was that the UK economy was in good shape and the future looked bright.

Investors had confidence in the UK economy partly because Britain's national debt relative to national income was lower than that of France, Germany, the USA or Japan. It had fallen by six percent since Labour had taken office in 1997, worth some £90 billion today, saving the taxpayer about £3 billion per year in interest payments.

No-one seemed unduly bothered about the level of government spending and borrowing. In his 2007 Budget Gordon Brown planned to meet his "golden rule", to borrow only to invest over the economic cycle, by slowing the rise in public spending in the coming three years to just two percent a year. This was half that achieved since April 1999 but still more than the Tories had delivered between 1979 and 1997. Tory Leader David Cameron agreed to match Labour's spending plans up to 2010.

Although about one in three families in the UK had no savings at all to fall back on in the event of a sudden unwelcome shock, some 63 per cent of adults in England were satisfied with their future financial security<sup>7</sup>. On the banking front the cost of insuring bank debt against the risk that borrowers might fail to repay - known technically as credit default swap spreads - had fallen to an historic low, a sure sign of confidence in the financial markets<sup>8</sup>.

Just days before becoming Prime Minister Gordon Brown congratulated Britain's financial services sector for being at "the beginning of a new golden age for the City of London"<sup>9</sup>.

In short there was no crisis, either in the financial sector or in the public finances, before June 2007. Superficially Britain appeared to have become a "Goldilocks economy", one which grew at a nice steady pace. Even ministers were beginning to believe that the UK had finally broken free from the cycle of boom and bust.

**In fact it was the calm before the storm.**

### **From Mortgage Boom to Credit Crunch**

Within weeks those costs of insuring bank debt were rocketing skywards. Financial investors got the wind up as problems emerged in the market for mortgage backed securities, and bank share prices went on the slide. Signs of banks facing acute financial difficulties began to break out all around the world, initially linked to problems with mortgages which soon gave way to a general crisis of confidence across the entire financial system.

**The supposedly self-stabilising properties of the financial system had proved to be a neo-liberal myth that had sowed the seeds of its own destruction.**

The outbreak of financial fever began with an admission in mid-June 2007 by the American bank Bear Stearns that two of its hedge funds were facing financial difficulties. A credit rating agency had downgraded certain of their

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<sup>7</sup> Social Trends 2008, Tables 5.5 and 5.21.

<sup>8</sup> Adair Turner, Chairman of the UK Financial Services Authority, in 'The Future of Finance - the LSE Report' 2010, pages 48-49.

<sup>9</sup> Gordon Brown MP, Mansion House speech, 20 June 2007.



"subprime" (or riskier) mortgage-based bonds, due to evidence of increasing numbers of people falling behind on their mortgage repayments.

- Mortgage-backed securities are sold by banks to financial investors. They entitle the buyer to a share in the cash flows from monthly mortgage repayments by a pool of home buyers. Financial investors include pension funds and insurance companies as well as private individuals looking for somewhere safe to place their funds that will yield a good return.
- Hedge funds collect cash from wealthy individuals and use it to buy higher risk financial securities - like collateralised debt obligations or CDOs - which promise higher rates of return from cash flows generated by a range of assets like repayments from mortgage loans, credit card loans or car loans.

The summer of 2007 in the USA saw rising rates of default by people who had taken out mortgage loans to buy homes or to refinance existing mortgages and use the proceeds to finance home improvements or perhaps buy a new car or a holiday. This called into question the value of all such bonds on the market because the underlying cash flows were now in doubt. So the value of all subprime mortgage debt dropped, inflicting big losses on banks and creating uncertainty about the real value of the assets on their balance sheets.

Two things kept on growing in the second half of 2007 and in 2008: estimates of the size of financial losses by the world's major banks and confusion about the true value of their assets. Both were due to mounting evidence that banks had been recklessly irresponsible in their lending for years.

- They had actively taken more and more risk in a blind pursuit of profit and bonuses, while sidestepping relaxed government regulation.
- They had also obscured the truth about their financial affairs. Through intricate off-balance sheet finance and other accounting alchemy they had transformed risky financial investments into what looked like pretty safe bets, until the chickens began coming home to roost.

First the banks had financed a mortgage lending boom, including to subprime borrowers whose chances of meeting their repayment obligations were suspect, causing a bubble in property prices along the way.

Then they had played pass the parcel with the risk of being left holding the baby when home owners defaulted.

- They had sold off their mortgage loans as mortgage backed securities to pension funds and insurance companies, greasing the palms of the credit rating agencies in the process to give high risk securities their triple A seal of approval. This also raised money to do future deals and kept the mortgage boom going.
- Or they had insured against the risk by buying credit default swaps from naive insurance companies, thus transferring the risk to someone else on the financial merry-go-round.

**In theory all this spread the risk around, making it more manageable in the event of default. In practise it made the entire financial system more vulnerable because the cloak of complexity that surrounded fancy financial securities only ratcheted up the risk of system failure.**

Not even the banks themselves knew who held which assets and who was exposed to how much risk. So everyone was suspect when the property bubble burst, house prices fell and mortgage payers began to default on their repayments.

Things went from bad to worse as it became apparent that bank balance sheets were in double trouble. Not only were their assets in doubt. So too was their ability to withstand losses, due to an excessive dependence on debt.

- Banks had too thin a safety margin of equity capital from shareholders to act as a cushion against losses, and too great a reliance on debt capital borrowed from pension funds, insurance companies and other financial institutions.
- By borrowing heavily over the years banks had built up a balance sheet structure that magnified their return on equity and kept their shareholders happy despite big bonuses paid to directors and senior executives and traders. But this financial engineering left them hugely exposed when the bottom dropped out of the mortgage market.

Similar mortgage-linked problems rapidly began to appear around the world. In France with BNP Paribas, in Germany with Commerzbank and IKB Deutsche Industrie Bank, in Switzerland with Credit Suisse. In Australia two hedge funds closed. In the UK the hedge fund Caliber collapsed and Northern Rock faced a bank run as news spread that it had asked the Bank of England for help when its usual source of funds suddenly dried up.

In this atmosphere of uncertainty banks found it hard raising fresh funds. Selling off assets was difficult because no-one would buy securities whose true value was now in doubt. Banks therefore became reluctant to lend, even overnight, as they conserved their cash. Interbank lending started to dry up. Despite sudden cuts in interest rates and injections of massive amounts of fresh money into their economies by central banks in the USA, the UK and elsewhere in Europe, interbank lending remained stuck.

Within weeks major banks around the world had begun to disclose huge losses linked to mortgage-backed securities on their books. By October 2007 the big banks in the USA had reported losses of \$20 billion, quickly revised up to \$45 billion. Citigroup, Merrill Lynch and Lehman Brothers in the USA disclosed shocking losses as did Royal Bank of Scotland in the UK, Nomura in Japan, Credit Suisse in Switzerland and Deutsche Bank in Germany <sup>10</sup>.

Banks in trouble sought safety either by agreeing to be taken over by bigger, supposedly stronger rivals, as happened with Bear Stearns in the USA and HBOS in the UK in 2008. Or they sought massive injections of fresh capital from billionaire investors, like Goldman Sachs did from Warren Buffet, or from a foreign government, like Barclays did from Qatar. **In the last resort, horror of horrors, they asked their own government to bail them out with a financial rescue package.**

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<sup>10</sup> Charles Morris 'The Two Trillion Dollar Meltdown', 2008, page 81.

By 2008 a global credit crunch was well under way, triggering the worst recession since 1945 and threatening a slide into slump on the scale of the 1930s Great Depression, putting jobs in jeopardy everywhere.

The head of the USA central bank, Federal Reserve Chairman Ben Bernanke, explained the significance of what was happening: "Choking up of credit is like taking the lifeblood away from the economy"<sup>11</sup>. UK employment peaked in the first half of 2008 as job losses and short time working started to spread through the economy.

Things came to a head in the USA in September 2008 when investment bank Lehman Brothers went bust and giant insurance company AIG begged the American central bank for a massive loan. AIG had guaranteed hundreds of billions of dollars worth of securities held by banks. If AIG collapsed those banks faced crippling losses.

It cost the American taxpayer over \$180 billion to bail out AIG. The true beneficiaries were banks - including European banks like Barclays, HSBC, Deutsche Bank and Société Générale - which had done huge deals with AIG. They escaped a tsunami wave of defaults, losses and collapses that would have cascaded throughout the financial system<sup>12</sup>.

**American Federal Reserve Chairman Ben Bernanke later summed up the situation: "I honestly believe that September and October of 2008 was the worst financial crisis in global history, including the Great Depression".**

The chief executive of major American bank JP Morgan, Jamie Dimon, reckoned that without the AIG bailout America could have faced 20 per cent unemployment. He added that he would have "probably laid off 20,000 people. And I would have done it in three weeks"<sup>13</sup>.

To calm panicking financial markets governments in the USA and Europe launched massive bailout plans, injecting huge amounts of taxpayer money into their banks in a desperate attempt to save the world's financial system from total breakdown. Not even this could prevent a collapse of confidence, leading to falls in business investment, consumer spending and tax revenues as firms and families cut back on their outgoings. Economies went into recession. Global output and world trade both fell, at first faster even than in the 1930s Great Depression.

The independent Institute for Fiscal Studies estimates that in the period 2008-11 UK households experienced their biggest three year fall in real living standards since the early 1980s. The IFS expects that real incomes in 2013-14 will still be below those of 2008-09, and notes the warning by the Governor of the Bank of England that real incomes may stagnate for a lot longer<sup>14</sup>.

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<sup>11</sup> 'The Financial Crisis Inquiry Report - Final Report of the National Commission on the Causes of the Financial and Economic Crisis in the United States', Authorised Edition, January 2011, page 372.

<sup>12</sup> 'The Financial Crisis Inquiry Report - Final Report of the National Commission on the Causes of the Financial and Economic Crisis in the United States', Authorised Edition, January 2011, chapters 19 and 20.

<sup>13</sup> 'The Financial Crisis Inquiry Report - Final Report of the National Commission on the Causes of the Financial and Economic Crisis in the United States', Authorised Edition, January 2011, pages 353-354.

<sup>14</sup> James Browne, 'Living standards during the recession', IFS Briefing Note 117, 2011.

## The Cost of Bailing Out the Banks

- "When financial turmoil strikes, standing aside while banks fall like dominoes isn't an option. After all, that's what policy makers did in 1931, and the resulting banking crisis turned a mere recession into the Great Depression" <sup>15</sup>.

British Government support for the UK banks has been through buying bank shares and providing loans and guarantees. The UK National Audit Office reckoned in December 2010 that the total amount that the British government could pay out was £512 billion, of which £124 billion had been paid out already. **£512 billion is five times the annual bill for the NHS.**

Allowing for recovery of some outlays already received, the net direct cost to the British taxpayer of providing support to the UK financial sector has been some £90 billion so far, or about 6 per cent of Britain's gross domestic product (GDP, the value of everything produced within an economy in a year).

That is almost twice the cost incurred by American taxpayers in saving banks in the USA. Bailing out the banks in the Netherlands has cost Dutch taxpayers a similar amount to the UK, while in Germany the net cost of rescuing the financial sector has been nearly double that in Britain.

**Irish taxpayers have borne the biggest burden with a rescue package costing some 30 per cent of Ireland's GDP** <sup>16</sup>. Before the financial crisis the Irish economy enjoyed several years of high growth rates that earned it the title the "Celtic Tiger". It changed from an economy characterised by agriculture and traditional manufacturing to one noted for increasingly high tech and internationally traded services. Ireland is now one of the world's leading exporters of pharmaceuticals. But Ireland's rapid growth since 2000 was built upon the highest level of household debt relative to disposable income in the developed world, and on a property bubble financed by banks using wholesale market funding that left it very vulnerable. When the bubble burst Irish banking and construction collapsed, leaving the Irish taxpayer totally exposed when Ireland's government guaranteed all bank debt in September 2008.

£90 billion may be the net cost to the UK taxpayer to date of rebuilding bank balance sheets. But the full cost to society of the recession brought on by the financial crisis has been much higher.

- With national output some 10 per cent lower than it would have been had the economy continued to grow, incomes are now £140 billion per year lower than expected before the crisis.
- If some of these output losses persist, as evidence from past crises suggests usually happens, the true social costs of the banking crisis could lie anywhere between one and five times annual GDP, or between £1.8 trillion and £7.4 trillion <sup>17</sup>.

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<sup>15</sup> Professor Paul Krugman, 2008 Economics Nobel Prize winner, New York Times, 1 May 2011.

<sup>16</sup> IMF Fiscal Monitor, April 2011.

<sup>17</sup> 'The \$100 billion question', Andrew Haldane, Executive Director for Financial Stability, Bank of England, March 2010, pages 3-4.

This also matters because banking crises are inherent in market economies, and are occurring more often and on an ever larger scale, according to the Governor of the Bank of England <sup>18</sup>.

### **British banking: from small, conventional and safe to vast, complex and risky**

The real UK economy was not always so vulnerable to such serious damage from the financial sector which used not to be so big, so complex or so risky.

#### **Increased Size**

In the 1960s the finance sector was small relative to the real economy. Today it dwarfs the real economy, as financial deals have grown enormously relative to real economic activities. By 2007 the total assets of the entire UK banking system amounted to some 500 per cent of GDP compared to only 34 per cent in 1964 <sup>19</sup>.

**The Bank of England estimates the value of the implicit subsidy that the top five UK banks get from everyone knowing they are too big to fail - that government will always step in to save the financial system if any of the big banks are about to go bust - averaged over £50 billion per year between 2007 and 2009 (equal to their annual profits prior to the crisis) and over £100 billion at the height of the crisis in 2009.** This excludes the value of the subsidy due to the government guarantee of banks' retail deposits <sup>20</sup>.

#### **Increased Complexity**

Banking in Britain used to be simple as well as small scale. In the 1960s banks and building societies took in deposits, mainly from households. They then lent funds to the government and to other households and firms who used them primarily to buy homes or for business investment.

By the 2000s things were very different.

- Both the household and the business sectors borrowed much more relative to income, still spending the funds mainly on homes and commercial property development respectively. Increased household and company debt was secured primarily against residential homes and commercial real estate like retail parks, offices and hotels.
- Bank lending also grew far faster than bank deposits, the gap being closed by wholesale funding - bank borrowing, often short term, from other financial institutions, including the shadow banking sector.
- Especially since the 1990s another new trend across the banking world had been the growth of securitisation - raising funds by selling securities that give the buyer rights to share in a stream of future mortgage or credit card repayments (and to bear the risk of default by borrowers unable to keep up their repayments).

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<sup>18</sup> Mervyn King, 'Banking: From Bagehot to Basle and Back Again', Buttonwood Gathering, New York City, 25 October 2010.

<sup>19</sup> Adair Turner, Chairman of the UK Financial Services Authority, in 'The Future of Finance - The LSE Report', 2010, pages 20 and 28.

<sup>20</sup> 'The \$100 Billion Question', Andrew Haldane, Executive Director for Financial Stability, Bank of England, March 2010, pages 5 and 25.

The simple relationship between banks on the one hand and households and businesses on the other had been replaced by a complex web dominated by interconnected deals between banks and other financial institutions of all kinds. By 2007 the supply of credit by America's shadow banking sector (including outfits like hedge funds) exceeded that by her traditional banks.

### **Increased Risk**

Something else had also changed since the 1960s. The risks associated with those bigger balance sheets.

Banks function by 'borrowing short and lending long'. This means they use customers' deposits (which may be withdrawn at short notice), equity capital provided by shareholders and debt capital borrowed from creditors to make longer term loans and investments to other clients. They run two types of risk:

- **A liquidity threat:** in the event of the unexpected, a bank risks being unable quickly to raise the cash with which to meet depositors' demands for their money back due to a sudden surge of withdrawals by customers - the classic run on a bank. This happened in August 2007 to Northern Rock when the bank's access to the short term wholesale money market suddenly dried up and depositors feared that they might lose their savings.
- **An insolvency threat:** if for some reason the value of a bank's assets falls rapidly by more than the worth of their equity capital cushion, the bank may become insolvent, with liabilities greater than the value of their assets. If the bank were wound up there would be no monies left for shareholders and some of its debt could not be repaid. Businesses cannot trade legally if they are insolvent.

Since the 1960s, rather than raise fresh equity capital from shareholders by issuing extra shares or ploughing back profits, banks increasingly opted instead to borrow by issuing debt. This allowed them to report higher rates of return on equity without significantly improving their overall rate of return on assets. But it also raised their 'leverage ratios', dramatically shrinking the safety cushion represented by equity capital as a proportion of total capital. *This increased the insolvency risk.*

Banks also became more reliant on more short term, wholesale funding whilst squeezing the share of their total assets formed by highly liquid assets that could quickly be turned into cash if required from around a third to less than 2 per cent in 2009. *This increased the liquidity risk*<sup>21</sup>.

## **Responses to the Recession**

### **Labour 2007 to May 2010**

After the financial crisis struck, the Labour Government took firm action to stop a slide into slump and to rescue the economy from recession.

- First and foremost it rescued the UK banks and saved the British financial system from collapse. This provided the basis on which Gordon Brown won the backing of world leaders for a \$1,100 billion global rescue package at the G20 summits of November 2008 and April 2009.

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<sup>21</sup> Mervyn King, 'Banking: From Bagehot to Basle and Back Again', Buttonwood Gathering, New York City, 25 October 2010, page 4.

- Second, it boosted public investment by 25 per cent above that originally planned in the 2008 Budget by bringing forward over £30 billion of investment planned for future years, raising public investment to record levels.
- Third, it added a £25 billion budget stimulus through a VAT cut, the car scrappage scheme, and extra investment in new technology and businesses, including a £5 billion jobs programme.
- Fourth, it allowed the automatic stabilisers to offset some of the fall in private sector spending by raising government spending and borrowing.

Without such action the recession would have been even deeper than it has been, the danger of depression more acute, and the wait for recovery even longer.

Labour planned for public spending to rise by nearly 5 per cent a year in real terms from 2009 till 2011. Thereafter its medium term plans envisaged a three year standstill on total public spending before allowing it to expand again from 2014, the exact rate depending on the pace and the pattern of economic growth.

Within and beyond the standstill period Labour saw scope for current spending to rise, albeit only slowly, as public investment fell back from its 30 year peak and public borrowing was cut substantially. Alistair Darling planned in 2009 to bring the budget back into balance by 2017-18. His March 2010 budget planned to more than halve the public sector deficit by 2014, though public investment would still be twice the share of national income that John Major managed in his last year in office.

**It is a George Osborne myth that Labour "maxed out on the country's credit card". Had Labour really taken Britain to the brink of bankruptcy there would have been warning bells ringing all over the City of London. In fact the signals all showed steady-as-she-goes throughout the last four years. Since the financial crisis began, yields on British government bonds have stayed low, with City investors ready to lend to the Labour government at low rates because they had confidence in the UK public finances, with good reason. If Britain had actually been a bankrupt borrower no investor would have bought government bonds on such terms.**

Blaming the Labour government for the extra public borrowing caused by the global credit crunch and ensuing recession is like blaming the coalition government for the increase in the world price of oil and its consequences for family fuel bills.

Labour left office in 2010 having delivered over a decade of increased investment in public services. In 1997 they had inherited public services starved of funds, with sections of the social fabric wasting away. Over the next 13 years Labour established a formidable infrastructure of support for citizens from the state.

- It cut NHS waiting times and waiting lists by recruiting 70,000 more nurses and 40,000 more doctors in England alone, and provided over

100 new hospitals and 650 one-stop primary care centres. Labour left the NHS with the highest ever levels of public satisfaction <sup>22</sup>.

- It cut school class sizes by recruiting over 40,000 more teachers and 115,000 more teaching assistants, and opened 3000 Sure Start children's centres.
- Though falling short of its target to halve child poverty by 2010 Labour did lift half a million children out of relative poverty, whereas the last Tory government allowed child poverty to double.
- It introduced pension credit which took one million pensioners out of poverty. Its Financial Assistance Scheme protected occupational pension rights for over 140,000 people who had lost their pensions through no fault of their own.
- Its national childcare strategy helped mothers wanting to return to paid work.
- Its working tax credit cut in-work poverty for two million families, till the recession hit home.
- Its training and skills initiatives led to 375,000 more students in higher education, 80,000 more youngsters aged under 19 in further education and 160,000 more people in apprenticeships.
- 15,000 more police officers and 16,000 new community support officers helped to cut crime by a third.
- Tripling the overseas aid budget helped to lift more than 400 million people out of desperate poverty.

These positive achievements yielded real benefits to working people. They arose in part from unions like the GMB working with the Labour government to achieve shared objectives. Naturally, the unions that reached the Warwick agreement with Labour championed workplace-related issues. So we welcomed the progress that the Labour government made in providing greater protection for striking workers, eradicating a two-tier workforce in the public sector, expanding the number of union learning representatives and providing four weeks paid leave for all.

But the unions also urged government action on wider social issues. The advances made on matters such as corporate manslaughter, healthy eating in schools and assistance for people who had lost out on occupational pensions were all prompted by pressure from unions. Together with the even wider social benefits stemming from Labour's investment in health and schools they are testament to the continuing ability of unions, working with a Labour government, to make life better for working people.

### **Tory/Lib Dem Coalition since May 2010**

By spring 2010 the UK economy was making a fragile but real recovery, and public borrowing came out £20 billion lower than the Labour government's

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<sup>22</sup> BBC News web site, reporting health economist Professor John Appleby of the King's Fund, 22 March 2011, commenting on data from the British Social Attitudes Survey.



final forecast. But by autumn 2010 the recovery was showing signs of losing momentum in face of announcements of drastic coalition spending cuts. Growth appears to have stopped over the following six months. The full impact of the tax and spending squeeze has yet to be felt.

The reasons why are only too clear. Instead of keeping growth going, the coalition has opted for spending cuts, cuts that are too fast and too deep.

- Frontloaded cuts that risk stalling recovery.
- Cuts that squeeze the UK fiscal deficit quicker and tighter than required by the G20 Toronto Declaration of June 2010.
- Cuts that are tightening the UK's belt faster than any of the advanced economies <sup>23</sup>.
- Cuts aimed at shrinking the deficit far faster than needed to stay on track to hit the IMF debt ceiling target of 60 per cent of GDP by 2030.
- Cuts that could condemn the UK economy to years and years in a no-growth/slow-growth trap, while public services are starved of funds.

The coalition has cut public spending plans by £80 billion by 2014-15 and £95 billion by 2015-16 and raised taxation by £30 billion, making a total budgetary squeeze of £126 billion by 2015-16 <sup>24</sup>.

Gordon Brown warned the 2009 GMB Congress of ten per cent cuts in public services if the Tories were to win the next election. He was way off the mark.

- Departmental budgets other than health and overseas aid are being cut by an average of 19 per cent over four years, reducing public spending in real terms in 2014-15 to its 2008-09 level <sup>25</sup>.
- Some are bearing an especially heavy burden, with local government suffering a 27 per cent cut, business innovation & skills 25 per cent, and environment food & rural affairs 29 per cent <sup>26</sup>.

**GMB members can testify from personal experience to the results of the recession, the damage that Tory/Lib Dem cuts are doing, and the impact of the coalition's fiscal squeeze on people on low and middle incomes. It is not for nothing that many members distrust the coalition's promises and fear seeing the National Health Service become a Notional Health Service. They see David Cameron's 'Big Society' for what it is: a threadbare society with bigger holes in the social safety net as public service providers struggle to balance impossible budgets.**

The Office for Budget Responsibility (OBR) has forecast that 400,000 public sector jobs will be lost by 2015. This may be an underestimate since the milder 1990 recession cost 600,000 such jobs. If the OBR proves right, this may be because more public services have been outsourced since the 1990s <sup>27</sup>. Nearly two thirds of public sector workers sacked will be women.

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<sup>23</sup> IMF Fiscal Monitor, April 2011, page 5.

<sup>24</sup> HM Treasury 'Budget 2011', March 2011, page 10.

<sup>25</sup> HM Treasury 'Spending Review 2010', October 2010, page 5.

<sup>26</sup> HM Treasury 'Spending Review 2010', October 2010, page 81.

<sup>27</sup> Nicolas Timmins, Financial Times 24 March 2011, page 17.

In his haste to bring down public borrowing George Osborne is risking repeating a mistake made by President Roosevelt in the 1930s and by Geoffrey Howe in 1981. In both cases premature cuts in public borrowing caused economic recovery to falter.

- After the initial success of his 1933 New Deal policy, which led the USA economy to grow quickly for four years and unemployment to fall from 25 per cent to 14 per cent, Roosevelt faced a backlash from Congressional and public opinion. Two thirds of Americans supported calls to balance the budget. He cut back in 1936, hoping to balance the budget within two years, and the American central bank tightened monetary policy. The economic recovery stalled and unemployment soared to nearly 20 per cent. Full employment was not achieved until the 1940s spending boom generated by World War Two, more than a decade after the financial crisis that had triggered the 1930s slump.
- Geoffrey Howe's 1981 Tory budget aimed to cut public borrowing by 2 per cent of GDP, equivalent to £30 billion today, during what was then the worst UK economic downturn since the 1930s. Unemployment shot up to three million by 1983 and stayed there for four years, condemning millions never to work again.

These are ominous warnings. It is all too easy for a weak economy to get stuck in the doldrums, with unemployment or short time working stubbornly high, industrial capacity hugely underused, and workers, in JK Galbraith's phrase "abundant, redundant and poor".

The coalition is intent on ignoring other lessons from the past. Notably what can happen when governments relax their regulatory grip on the financial system. Both in the UK and in the USA the authorities largely stood by as a largely unregulated shadow banking system emerged, as traditional banks took ever greater risks, and as a credit bubble expanded. Key safeguards against excess were either removed, as in the repeal of the USA's Glass-Steagall Act, or dismissed as belonging to a bygone age. Today George Osborne scorns sensible regulation as red tape. He mocks those who call for proper control over the financial system as "the forces of stagnation"<sup>28</sup>.

### **Finding a Fresh Way Forward**

- "The brutal reality is that there is no painless way out of this mess"  
Larry Elliott, Economics Editor, Guardian, 4 April 2011.

While GMB members are focused on the here and now, they can also see beyond the current crisis. That crisis has awakened a deep disquiet about economic insecurity, reminded people of their vulnerability to unpredictable events, rekindled their concern about fairness in a society under stress, and revived their interest in the role of the state.

- **Our members want to hear how a Labour government would prevent the banks from inflicting any such catastrophe on society ever again.**

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<sup>28</sup> George Osborne MP, speaking at the Institute of Directors Annual Convention, 11 May 2011.

- **They want to be sure that the state will always stand ready to provide practical help in ways that market forces fail to do.**
- **They want to be clear about the part government will play in building a better, fairer society and opening up opportunities for all.**
- **And they want Labour to fight for government borrowing to be cut steadily, not precipitately, so that the public finances and the wider economy can be brought back onto a sustainable basis.**

**New Labour lost touch. They only wanted to be with people they regarded as winners, be they bankers, footballers, film stars or TV celebrities.**

**They won as New Labour in 1997 but lost 3 million votes by 2001, 4 million by 2005 and 5 million by 2010. Former Labour voters simply stayed at home. New Labour lost touch with millions of Labour's natural supporters as well as its new found friends, prompting many to ask what Labour stood for. What Labour stands for is still an open question today.**

#### **Economic and Tax Policies to Promote Growth and Jobs**

The GMB is no deficit-denier. We know that government borrowing has to be brought down, to restore economic stability. But we insist that there is a better and a fairer way than the path being pursued by Britain's coalition government.

**That way is to adjust the rate of deficit reduction to the pace of economic recovery and growth, cutting borrowing more when the economy is expanding quickly and less when the pace of economic growth slows. A longer time scale than George Osborne's absurd four years would allow economic growth to bear much of the burden of deficit reduction.**

Of 29 advanced economies only Iceland and Ireland plan to cut their share of government borrowing in national income faster than the UK by 2015. Britain's coalition government is cutting too soon and too deep for the good of the economy. By rushing to reduce government borrowing prematurely, before recovery is established, they are repeating Roosevelt's mistake in the 1930s and Howe's in the 1980s. The consequence is a tax and spending squeeze that is unnecessarily tight as well as unfair.

The priority should be to get the economy growing again, since this will generate both jobs and the tax revenues needed gradually to bring the budget back into balance. We cannot realistically stick to pre-recession expectations of the scope for public spending. To try to do so would be to turn a blind eye to one uncomfortable and overriding fact: the recession has cut the ground away on which those expectations were based. It has done so by causing national output and income to fall short of where we expected them to be, both now and in the years ahead. The plain fact is that Britain faces a decade of tight budgets and restrained spending to bring the public finances back into shape.

**By seeking to eliminate the deficit entirely within just four years the coalition is strapping the economy into a financial straightjacket. Easing the squeeze by spreading the adjustment over two Parliaments would improve the prospects for steady economic growth, thereby allowing sustained reductions in public borrowing without sacrificing public services.**

Instead of unfairly focusing three quarters of the fiscal squeeze on public spending cuts, the GMB would shift the balance towards raising extra tax revenue. The scope for doing so is immense. For instance:

- Tax Research UK estimates that some £25 billion annually is lost from tax avoidance and tax planning by wealthy individuals like Sir Philip Green and by companies like Arcadia. Green cost the taxpayer £285 million in 2005 by channelling a massive dividend payout through a network of offshore accounts and tax havens, eventually to his wife in Monaco. Vodafone saved £6 billion in tax after doing a deal with the taxman. Investment bank Goldman Sachs avoided over £10 million in unpaid tax after the tax authorities recently waived an interest penalty on 10 years of unpaid tax. Alliance Boots' latest accounts show it paid a very low tax charge due to the costs of tax-deductible interest paid on over £7 billion of debt incurred in a 2007 leveraged buyout. Exploitation of residency rules by the so-called 'Monaco boys' - city high-fliers who commute by jet to London on Mondays and leave on Thursdays - could be costing up to £1 billion <sup>29</sup>.
- Tightening up capital gains tax, reforming tax relief for charities to stop abuses, and cracking down on international tax havens and tax avoidance schemes are just some of the ways in which extra tax revenue could be raised and a fairer tax system created <sup>30</sup>. By clamping down on tax fraud by firms that avoid filing annual accounts the Treasury could recover much of an estimated £16 billion in unpaid taxes <sup>31</sup>.
- A financial transactions tax (or "Robin Hood tax") levied at up to 0.5 per cent on deals like share sales and currency transactions could raise over £100 billion per year globally and £20 billion annually in the UK. In the UK half the proceeds could be devoted to cutting government borrowing and avoiding spending cuts, with the rest split equally between international development aid and combating climate change <sup>32</sup>. The value of foreign exchange trading has rocketed from 11 times global trade value in 1980 to 73 times today <sup>33</sup>. A tax on such transactions has been backed by 1000 of the world's economists <sup>34</sup>. German Finance Minister Wolfgang Schäuble has included revenues from such a tax in his outline budget plans for 2012-15 <sup>35</sup>. The best way to achieve a global financial transactions tax is to start at EU level since

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<sup>29</sup> TUC "Tackle jet set tax dodgers and raise £4 billion", 16 October 2010.

<sup>30</sup> TUC "The Missing Billions".

<sup>31</sup> Phillip Inman, Guardian 14 March 2011.

<sup>32</sup> TUC Executive 12 January 2011

<sup>33</sup> Adair Turner 'The Future of Finance - The LSE Report', 2010, page 29.

<sup>34</sup> Heather Stewart, Guardian 14 April 2011.

<sup>35</sup> Financial Times 17 March 2011.

the EU is the largest financial market in the world. The European Parliament voted in favour of a European-level financial transactions tax in March 2011.

- By restoring the higher rate of VAT on high value luxury goods that Denis Healey introduced in 1974, initially at a 25 per cent rate, and that Thatcher scrapped in 1979, a Labour government could send a message to working people that the Labour Party is on their side, whilst raising valuable revenue. There is no reason why a working family buying a humble Ford Fiesta should pay the same rate as a millionaire buying a flash Porsche Panamera.

### **Fighting Poverty and Encouraging Fairness**

The recession has increased the number of working-age adults in poverty, now more than six million. As the economy recovers government must provide a new deal for working people, with a guarantee that work really is a route out of poverty. That means increasing the minimum wage and ensuring that employers pay a living wage.

As well as tackling poverty we have to reduce the gross inequalities that the free market system generates, since unequal societies tend also to be unhealthy ones. Fairer societies tend to be safer societies with less stress, less crime, more mutual trust and greater inter-generational mobility<sup>36</sup>.

It is time to recognise that, contrary to conventional wisdom, taxes overall are currently proportional rather than progressive. Higher income groups in fact pay a similar share of their income in taxes of all kinds as do lower income groups. This is because indirect taxes like VAT and duties on alcohol and tobacco offset the progressive tendency for direct taxes like income tax to take a higher share from people on higher incomes.

What really bites on inequality is not the tax system but the provision of state benefits like the pension, tax credits and child benefit plus benefits in kind from public services like education and the NHS. Which is why they must be defended.

### **Boosting Housing and Construction**

Forecasts for the next five years suggest that the number of new homes to be built will fall short of the number of new households by over 600,000<sup>37</sup>. Fewer homes were built in England in 2010 than in any year since 1923. Sadly, this is no great surprise. For all its enormous significance to the UK financial system and the credit crunch, the mortgage system has not worked well in encouraging the building of new homes.

Though mortgage debt as a percentage of GDP and the market value of housing have risen markedly since the 1960s, capital investment in housing as a percentage of GDP has remained largely unchanged. The main function of mortgage finance has not been about funding investment in new housing construction. It has been about financing the purchase of existing homes by the younger generation from the older generation who already own them<sup>38</sup>.

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<sup>36</sup> Richard Wilkinson and Kate Pickett 'The Spirit Level' 2009.

<sup>37</sup> Ed Hammond, Financial Times 11 April 2011.

<sup>38</sup> Adair Turner 'The Future of Finance - The LSE Report', 2010, pages 34-35.

The shortage of affordable new housing means 1.8 million households are on waiting lists for a social home. In 2009 the Labour government announced plans to treble investment in such housing and to insulate six million extra homes. The GMB wants a £6 billion investment in affordable social housing, to build 100,000 new homes and create 750,000 new jobs in construction and the manufacturing supply chain.

### Reforming Banking

- "Of all the many ways of organising banking, the worst is the one we have today" <sup>39</sup>.
- "The banking system, on both sides of the Atlantic, is more dangerous now than before the financial crisis began in 2008" <sup>40</sup>.

The modern economy has become as dependent on financial and credit networks as it is on utilities like water and energy supplies. All such services are now so interconnected that society cannot afford for any major part to fail without risking catastrophic consequences. The financial sector has shown itself to be far more prone to seizing up, threatening entire economic collapse. In such circumstances the government has an overriding obligation to intervene, to promote the common good. A much firmer framework of active government involvement and tighter regulation is required. We especially need stricter rules for all financial institutions, including the shadow banking sector and hedge funds, so that the public interest becomes paramount. In April 2011 the Independent Banking Commission chaired by Sir John Vickers proposed new rules for UK banks. First, it suggested that banks like Barclays, HSBC and Royal Bank of Scotland ring fence their retail banking operations from their investment banking operations.

- **Far better than such dubious financial firewalls would be to separate retail banking from investment banking altogether, so that taxpayers only guarantee the socially essential or utility parts like payment systems and deposits, and not the very risky casino side, most of which has been described by the chairman of the UK Financial Services Authority Lord Turner as "socially useless" <sup>41</sup>.**

Second, the Vickers Commission proposed requiring UK banks to beef up their top quality equity capital safety cushion to at least 10 per cent of capital, provided they also have genuinely loss-absorbing debt on their balance sheets. While this is an improvement on the seven per cent in the 2010 international agreement by the Basle Committee on banking supervision, it falls far short of what is required to protect against banks that are "too big to fail" and that have to be rescued by taxpayers.

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<sup>39</sup> Mervyn King 'Banking: From Bagehot to Basle and Back Again', Buttonwood Gathering, New York City, 25 October 2010, page 18.

<sup>40</sup> Peter Boone, Associate at the LSE Centre for Economic Performance, and Professor Simon Johnson, former Chief Economist at the International Monetary Fund, FT.com 10 April 2011.

<sup>41</sup> Philip Stephens, Financial Times 12 April 2011.

It is much lower than the 19 per cent required by Swiss regulators of Credit Suisse and UBS and the 20 per cent suggested by Professor David Miles of the Bank of England Monetary Policy Committee <sup>42</sup>.

- **Much higher capital requirements, twice as high as those proposed by the Vickers Commission, are needed. They could be varied according to financial conditions in the economy, and raised if signs emerged of a bubble in property or other asset prices, to help choke off speculation. They could also be targeted so that the biggest, most complex and most interconnected banks have to hold higher amounts of loss-absorbing capital** <sup>43</sup>.

Building up such buffers would take time. The place to start would be to temporarily restrict bank dividends and require profits to be ploughed back instead of being paid out to shareholders or squandered on bonuses for top bankers.

Even much tighter capital requirements could still leave bank bosses liable to take excessive risks, pocket obscene bonuses from the resulting artificial profits, and walk away with golden goodbyes if their institution fails and has to be rescued by the taxpayer.

- **To guard against such dangers there should be a rule that no board member or senior executive of a failing bank would be allowed to hold a similar post at a bank unless they can prove to the regulator that they warned against the risk-taking that led to failure and tried to reduce it** <sup>44</sup>.

Such a lifetime ban would temper the risk addiction so typical of the financial sector.

- "Barclays chief ready to increase risk appetite in search for profit" <sup>45</sup>.

The top bankers, the so-called "masters of the universe", wield great power and influence. They reign supreme, even after their "greed is good" culture has done so much damage to the lives of millions. Despite having clocked up billions in losses and brought their institutions to the brink of bankruptcy they have been able to keep the huge bonuses they pocketed in the years of illusory profits. What saved them was intervention by government and rescue by the taxpayer. Few of those who lost their top jobs suffered much by way of personal sanction, receiving extraordinarily generous golden goodbyes and compensation packages.

Unless the rules are changed and the financial system is subjected to vigorous regulation the bankers will face the same temptation to take irresponsible risks with other peoples' money, confident that if the worst happens the taxpayer will step in to save them. Except that next time even governments might not be able to afford to do so. Without serious reform the banks may become too big to save.

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<sup>42</sup> Bank of England External MPC Unit, Discussion Paper 31, 'Optimal Bank Capital' by David Miles, Jing Yang and Gilberto Marcheggiano, April 2011.

<sup>43</sup> Andrew Haldane and Robert May, Financial Times 21 February 2011.

<sup>44</sup> Adair Turner, Chairman of the UK Financial Services Authority, Financial Times 8 December 2010.

<sup>45</sup> Patrick Jenkins, Banking Editor, Financial Times, 5 April 2011.

## **Manufacturing, Innovation and Industrial Policy**

Economic growth springs from three sources.

- From extra labour, with a bigger workforce with better skills and more education.
- From extra capital, with new plant and equipment.
- But mostly from innovation, with technological progress, including improvements in the way work is organised and people are managed.

The steady economic growth that preceded the financial crisis left the UK economy even more lopsided than ever, with a shrunken manufacturing base and a swollen service sector (though official statistics overstate the contribution that financial services make to Britain's GDP). Manufacturing's share stayed stuck in a rut that threatens to turn into an open-ended grave, almost halving in only ten years from over 20 per cent in 1997 to 12.5 per cent in 2007<sup>46</sup>.

What a contrast with manufacturing in Germany, which has stayed one of the world's leading exporting economies by continuing to invest in manufacturing industry and in workforce skills. By competing on quality precision and reliability rather than on price, by adopting cutting edge technology and forging ahead with new product development, and by organising work and managing people in ways that usually respect and value the contribution that they make, German industry has outperformed its British rivals.

The UK suffers from an "innovation deficit". While Britain is a leader in elite science we are laggards when it comes both to research & development in "hard" technologies and to organisational innovation, like the way firms organise work and manage people. Research shows the UK with a long tail of poorly run firms, leaving British management only mid-table by international standards. Between them unions and employers can address such organisational weaknesses. But coalition government policies that increase youth and long term unemployment, cut back on apprenticeships, and scrap Education Maintenance Allowances only weaken our human capital and make it more difficult to boost productivity<sup>47</sup>. They discourage young people from disadvantaged communities from continuing in education, fostering low aspiration and social breakdown, when Britain urgently needs to boost social mobility.

In the face of the most severe downturn in the world economy since the Great Depression radical steps were the only way to save the economic system. The Labour government took unconventional measures to tackle a threat that was unprecedented in the post war period. That readiness to respond to reality by adopting a fresh approach showed also in its industrial policy.

In their early years in office Labour ministers saw little scope for an active industrial policy. Their 2002 manufacturing strategy statement dismissed aid to industry as "handouts to domestic companies". Their 2003 "Prosperity for All" strategy document pooh-poohed industrial policy as "protecting companies from competition and propping them up with subsidies".

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<sup>46</sup> HM Treasury 'Budget 2011', March 2011, page 7.

<sup>47</sup> Professor John Van Reenen, 'Restoring Growth', LSE Centre for Economic Performance, November 2010.



**Things changed when the global credit crunch hit. Labour's 2009 "New Industry, New Jobs" statement marked their adoption of an active industrial strategy. Not just to limit the damage of the downturn but also to prepare for the upturn and promote future growth through targeted interventions. It is a model that the GMB wants Labour to develop for the future.**

"New Industry, New Jobs" recognised that suitably tailored state action could complement markets, notably in respect of infrastructure, training or investment in innovation. It could shape the business environment without seeking to substitute for markets, such as through public procurement of goods and services where large private sector investments depend on government commitments.

It accepted that previous policy had too often been over-cautious and recognised the potential offered by a closer sectoral focus. Government has a vital role to play in encouraging investment in the new high technology jobs of the future: in the digital economy, in low carbon, in renewables and in bioscience. For instance:

- To help foster knowledge and transform it into economic growth Labour backed university spin-outs and expanded centres of excellence developing British capabilities in plastic electronics, composites and industrial biotechnology, as well as investing in carbon capture technology.
- To help build the skills on which future jobs depend Labour adopted a fresh focus on vocational training, one aimed at ensuring that three quarters of people should take part in higher education or complete an advanced apprenticeship or equivalent technician level course by the age of 30. This built on Labour's investment in young people by introducing Education Maintenance Allowances.
- To modernise Britain's infrastructure Labour pushed ahead with plans for high speed rail links and for next generation broadband.
- To build on Britain's industrial strengths Labour committed £1 billion to the Strategic Investment Fund, to bring government action to bear on areas where it could help unlock potential, like electric vehicles, offshore wind and other renewable energies.

The scope for action to boost green jobs in particular is tremendous. For instance, Germany has generated 250,000 jobs in its renewable energy sector alone, while the UK employs only some 16,000. Successfully developing carbon capture and storage technology could create thousands of new jobs. The rail industry could also provide green jobs in mainline rail, light rail and tram projects.

Government could encourage low carbon vehicle development by improving the tax incentives for consumers and fleet managers to shift to lower emission vehicles, and by helping the motor industry in Britain to manufacture such vehicles here instead of continuing to import them from Japan and Bangalore. Through public procurement it could encourage the development of advanced petrol engines and electric vehicles. Sadly, much of this potential for creating

green jobs is not being taken up due to coalition cuts to business investment schemes and the abolition of regional development agencies in England.

- **In the GMB view Labour should now consider whether the Department for Business Innovation and Skills needs to broaden its innovation focus from science, technology and engineering to also include organisational innovation, since the way work is organised and how people are managed, especially job design and skill building, are key to improving productivity.**
- **Labour should also examine the boost that Bavaria in Germany has given to small and medium sized firms, how this regional authority encourages science-based growth industries, and the role played by the network of research bodies like the Fraunhofer and Max Planck institutes <sup>48</sup>. It should look too at the roles played by Taiwan's Industrial Development Bureau and the USA's Advanced Research Projects Agency and Department of Energy in encouraging innovation.**

### **Rights at Work**

The Labour government introduced a national minimum wage and made improvements to employment protection and union recognition rights. These were welcome but only modest advances which fell short of the workplace reforms called for by the trade union movement. For instance, protection against unfair dismissal only took effect after one year instead of from day one. No significant change was made to union rights to take secondary action, and industrial action ballots remain a legal quagmire.

Things may be about to take a turn for the worse. The Tory/Lib Dem coalition, prompted by the CBI and the Institute of Directors, is currently considering a wide ranging attack on employment rights and employment tribunals. Their readiness to turn the clock backwards beggars belief.

Their agenda includes making it more difficult for workers to seek redress for workplace disputes by:

- increasing the qualifying periods for unfair dismissal claims
- charging employees a fee for lodging a claim
- changing the role of ACAS from helping to settle disputes to striking out tribunal claims
- scrapping the "two tier" code that protects workers who are transferred from a local authority to a private contractor
- reviewing the sickness absence system
- allowing employers to hire agency temps to provide emergency cover for striking workers
- doubling the notice that unions must give of industrial action after a ballot

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<sup>48</sup> Julia Kollewe "Beyond the beer halls: how Bavaria became a European silicon valley", Guardian 15 March 2011.

- introducing 40 per cent thresholds for industrial action ballots
- abolishing rights to request flexible working or time off for training
- and scrapping national collective bargaining in health and education.

Such an agenda would fatally undermine workplace justice. And it could be just the start. The CBI and the Institute of Directors are now claiming that rights at work and employment protection are just "red tape" that hampers flexibility and hinders growth. A Cabinet Office web site consultation entitled "red tape challenge" asks if equal rights regulations (which include maternity and paternity rights, flexible working rights, and anti discrimination and harassment rules) should be scrapped or simplified.

In reality unions provide a vital voice for people at work, a place where millions spend a large part of their lives and where unfair treatment of employees by employers is widespread. The latter is confirmed both by the number of harassment and unfair treatment cases reported by ACAS and Citizen's Advice Bureaux and by the day to day workplace experience of union representatives.

The legal environment in which unions operate needs to provide a fair balance between rights and responsibilities if we are to organise successfully and perform effectively our fundamental role of representing people at work. No such balance applies today. The GMB wants to make fair rights at work a solid fact rather than the legal fiction that they often are today.

**The GMB is looking to Labour to oppose the Tory / Lib Dem onslaught on workplace justice and to give a firm commitment to deliver fair rights at work, starting with protection against unfair dismissal from day one of employment. We want rights that are consistent with the EU Charter of Fundamental Rights, decisions of the European Court of Human Rights, ILO Conventions and the Council of Europe's Social Charter.**

The GMB wants to be free to grow in strength and to organise in a fair climate, not to have to depend upon the good will of employers. The principles on which we intend to proceed are set out in the GMB@Work organising agenda:

- The workplace is the building block of the union. It is at work, rather than in the community or in the media, that working people can best build the collective security they need to tackle head on the injustice and inequality that they face.
- Each workplace should be organised as if a ballot for industrial action were due. We need our members to be match fit and ready, but we also need our organisation in each workplace to be democratic, transparent and accountable every day.
- The employers have different interests than our members. It is our members' employers who are the cause of most of their problems at work. Our job is to stand up for and to promote our members' interests, not bury them in partnership agreements.
- It is the process of industrial relations that builds a union. People don't join unions out of gratitude for what we have done in the past, but out

of fear and anger for the present and hope that we can give for the future.

- People are strongest when they organise themselves. GMB members must be encouraged to find their own solutions to the problems they face, with our support. We must take steps to give our members in each workplace the power and authority they need to make decisions, and we must stop doing for our members what they can do for themselves. Workplace democracy and organising must co-exist and GMB will support this process through the work of full time GMB Organisers, GMB Branches and GMB@Work Training Programme.

### **A New Vision for Labour**

What these GMB proposals amount to is a new vision for Labour. At its heart is a complete policy shift, away from the belief that an increasingly deregulated economy stimulates economic growth and a flexible workforce, and towards one which accepts that stronger workplace rights enhance Britain's economic prospects.

The pursuit of private profit regardless of risk, whatever the consequences for society, was the root of the banking problem. But New Labour's enthusiastic embrace of deregulation, privatisation and contracting-out meant that the same motive was also allowed to drive developments elsewhere in the economy. This was especially true in the case of public services farmed out to private providers where New Labour's belief that private is best led it to confuse best practice with sharp practice. Too many Labour councils proved willing partners in partnership deals that put the public interest in second place to profit. Too many former New Labour ministers and advisers took up posts on the payroll of businesses heavily dependent on public funds.

Nowhere are the dangers of privatisation clearer than in the case of care for the elderly and vulnerable where financial manipulation around Southern Cross has ended up putting the welfare of 31,000 senior citizens in peril. The combination of private equity speculators, sale and leaseback deals and sky high rents resulted in a deceptively attractive share price, promptly followed by cut and run tactics by both investors and top managers. Public funds intended to provide support for care home residents have been diverted to offshore destinations. Sadly, this case could prove to be only the first swallow of a very unwelcome spring. The Labour government did set in train a review of the entire care system. The GMB wants that system to be put onto a fresh basis, to prevent exploitation of the elderly and vulnerable.

This fresh perspective on the future recognises fundamental flaws in New Labour thinking, notably the neo-liberal argument that a laissez-faire attitude to business would boost investment. The idea that deregulation would make the UK a magnet attracting long term investment and jobs from abroad proved to be false. Too many inward investments turned out to be only short term successes, with foreign investors exploiting UK industrial development funds and regional assistance schemes before moving production overseas.

Britain's weak employment laws made that an easy option by making UK workers the easiest to sack or make redundant in Europe. That is still the awful reality behind all the talk about workforce flexibility. There have been too many cases of inward investors cutting back first in the UK. Cases like

Tata Steel sacrificing 1500 jobs in Scunthorpe and on Teesside. Or Nissan's reaction to the recession, which was to cut 1200 jobs in Sunderland.

Other long-established UK household names have switched production abroad – iconic names including:

- Marks and Spencer
- Burberry
- Findus
- Birds Eye
- HP Sauce – bought out by Heinz
- Nestlé
- Twinings
- Bendicks
- Clarks Shoes
- Hornby Trains/Scalextric
- Wedgwood
- Vestas wind turbines

even firms that were founded on strong ethical principles, companies like Rowntrees and Cadbury, have done the same and turned their backs on their workers in Britain.

**They have moved not because of skill shortages, inflexible workers or industrial relations problems in the UK, but because British employment law makes it easy to do so.**

Sadly, employment rights are being weakened right across the European Union. Decisions by the European Court of Justice in the Viking and Laval cases have allowed employers to challenge the legality of union collective action. The Ruffert case undermined employment protection. But the UK remains in pole position in the race to undercut workers' rights in Europe.

The contrast between the UK and Germany is stark. One reason why the German economy is recovering quicker from recession is that workers in Germany enjoy better employment protection. Their government took special measures to encourage employers to hold on to their workforce as the recession hit, helping for example to minimise the erosion of skills that long term unemployment can cause.

The UK needs a strategy to generate a million new manufacturing jobs. This report has shown that there is plenty of scope, notably in the opportunities offered by green technology and innovation elsewhere, for achieving such an aim. But it has to be on a fair basis, one in which government help for research and development is matched by company commitments to continuity of production here. "Doing a Dyson" - first taking public money, then exporting the jobs - belongs in the past.

## **Conclusion**

Britain stands at a fork in the road. David Cameron and Nick Clegg want to veer off to the right, to the kind of insecure society we see in the USA. One where redundancy or illness or an accident can see respectable people treated as social pariahs. A precarious world where job security today can become time limited social security tomorrow.

This is not the "compassionate Conservatism" once pledged by Cameron, but the harsher world favoured by right wing Tories and Orange Book Liberals. Nor is it a place where the five million people on Britain's social housing waiting list could hold out much hope, nor where our two million pensioners still living in poverty could face anything other than a bleak future, nor where the 17 million people in Britain living with a long term health condition could feel secure.

The GMB is not calling for a blanket ban on all public spending cuts. The recession has made some rescheduling of public expenditure essential because national income has fallen. As a nation we have to cut our coat according to the cloth we have available. We are where we are, not where we had expected to be, and we have irresponsible bank lending to thank for that. But there is an alternative to the coalition's course. We reject their ideologically driven plan to remove the role of the state in protecting the citizens of our country. The priority should be to get the economy growing again, not risk choking off recovery by rushing to cut public borrowing. Easing the squeeze by spreading the adjustment over two Parliaments would allow economic growth to carry more of the burden of deficit reduction. Shifting more of the squeeze onto taxation rather than on spending cuts, by cracking down on tax avoidance and international tax havens, would allow the burden to be spread more fairly.

Savage coalition public spending cuts will have disastrous consequences well beyond the boundaries of the public sector. The whole economy is caught in the grip of a budgetary squeeze that is set to go on for years and is bound to cause untold harm. It took 13 years of Labour government to transform some of Britain's major cities, notably Liverpool and Manchester, from the state that Thatcher and Major left them in to the renewed and reinvigorated condition that they are in today. Public sector investment radiates out via private sector supply chains to the benefit of the economy as a whole. Slashing public sector budgets weakens the private sector too.

The economic crisis brought on by irresponsible bank lending will cost the UK economy a decade of damage and fiscal frustration. Tough choices about tax and public spending are inescapable. But there is an alternative to the Tory/Lib Dem coalition policy of fast and furious cuts to public services. One that the GMB is looking to Labour's leadership to support.

*(Adopted)*

BRO. P. McCARTHY (Regional Secretary, North West & Irish): Congress, I am proud to be moving the CEC's Special Report on The Economy. This Report is one of the longest ever submitted to any GMB Congress. Are we word happy? No. Are we short of business? No. The truth is that this document could have extended to a hundred pages and still would have left bags to say about the global financial and banking collapse and its impact on real people in the real world.

The Report starts with an admission by Mervyn King, the Governor of the Bank of England, that the financial houses, the banks, the people at the top of these outfits, were to blame. Not, I repeat, not working people, pensioners, students, those in care homes nor trade unions, or businesses, small and large, up and down the country, which suffered as a result of bankers' and greedy spivs. Who do you think was

warning about the debt levels brought about by reckless lending, private equity and the complete madness of the unregulated bonuses paid to bankers and investment advisers, which was not based on results but on how much money they could lend to people who could not pay it back? Who stood out and said that this will all end in tears? The GMB did, that's who. Virtually no journalist had heard of private equity before our campaigns. Now the whole world knows them for the greedy speculators that they are. Unions did not cause the banking collapse. Workers, whether in the public or private sector, did not cause the plague of greed, but it is the ordinary people who are paying the price now and for years to come.

This Report is split into three parts. How it happened; what the politicians have done, and perhaps the most important, which is what needs to be done now? To secure a vision for our future, the document finds some praise for how the Labour Government handled the crisis when it hit. History will be kinder to Gordon Brown about the part of his term of office than the *Daily Mail*. However, there is no masking the failure of new Labour to control the finance industry. The seduction of new Labour by city spivs and economic gurus who have never bought a loaf of bread in their lives, pop stars, captains of industry, private equity venture capitalists and all those self-labelled 'masters of the universe', are those who grew richer and greedy while so many others were told, "We cannot afford better employment protection or free school meals." This Report maps out not only those failures but the stark truth that new Labour lost five million votes over three elections, huge numbers of whom were solid, core voters, who just gave up on new Labour. For them, the slogan "For the many, not just for the few" meant nothing any more. When Labour were in power they did a number of things well, but the classic failure of new Labour was its belief that working people would always support them. The failure to deal with tax avoidance and evasion by multinationals and the super rich remains a stain on their record. The GMB Report shows a way forward for tax justice, decent homes, growth in manufacturing jobs, a sustainable future, fair employment and supporting UK jobs, a vision for the future built on hope, fairness and social justice, not on greed or the after dinner chit-chat of the Institute of Directors. I urge you – no, I beg you – to read this report not once, not twice but every week for the next few years. You must argue for its vision of the future of tax fairness, jobs and justice for working people.

As for new Labour, it is now deceased. If the Labour Party is to be given a fresh chance to govern, then the vision set out in the GMB Report has to be the bedrock of the offer to the electorate next time round. The Coalition Government is going to wreck services, damage communities and destroy the standards that we have spent generations building up in health and other public services. On the recovery, their only policy is to starve the economy and hope it all turns out okay.

I am from Liverpool, as you may have guessed. We have seen the damage done by the Tories to our communities in Manchester, Newcastle, Leeds, London, Norwich, Cardiff, Glasgow and every part of the island, which still bears the industrial and social scars of the last Tory government. *This* document is our vision, it is achievable and aspirational. All it needs now is a political party with the same guts and vision as the GMB to bring an alternative to the British people. I move the Special Report. Please support. (*Applause*)

THE PRESIDENT: Thank you, Paul. Has anyone got that real burning desire to speak?

BRO. A. LARKIN (North West & Irish): Congress, this is my first time at Congress and I am a first-time speaker. (*Applause*) Fraternal greetings from USDAW, the shopworkers' union.

The region welcomes the CEC Report on the UK economy and fully supports the document. Thank you.

THE PRESIDENT: A true Liverpudlian, causing chaos again. Thank you. Oh, he is a Manc, and I understand he is a Manchester United supporter. (*Cheers*) Anyway, well done. I am glad you had the guts to do it. It will be better next time. You will be given a longer resolution.

I now move to Paul to speak on the debate on Motions 159, 160, 161, 162, 163 and Composite 14 and Motion 174. Paul, would you like to move the qualifications on these resolutions, please?

BRO. P. McCARTHY (Regional Secretary, North West & Irish): Congress, the CEC is supporting all the motions in this debate with qualifications on Motions 159, 160, 163 and Composite 14. On Motion 159, the CEC supports the principles put forward in the CEC Special Report, which I am moving, which sets out our political and economic agenda for the coming years.

On Motion 160, the CEC supports bringing tax havens into British regulation, but the jurisdiction of the Bank of England may not be the only way of achieving a fairer system.

On Motion 163 the CEC would support the introduction of a lower tax threshold for the 50% tax rate, but the CEC does not wish to be prescriptive at this stage.

On Composite 14, let's make clear the position that the GMB does not support the transfer of public services to social enterprises which deliver services for profit. I would urge you to read the document for the rights to fair employment also contained within it. Thank you. (*Applause*)

THE PRESIDENT: Okay. Does Birmingham & West Midlands Region accept the qualification? (*Agreed*) Thank you. Does London Region accept the qualification? (*Agreed*) Does GMB Scotland accept the qualification on Motion 163? (*Agreed*) Finally, does Southern accept the qualification on Composite 14? (*Agreed*) Thank you very much indeed.

I will now put the CEC Special Report to Congress. All those in favour, please show? Against? That is carried.

*The CEC Special Report A Fresh Way Forward for the UK Economy was CARRIED.*

THE PRESIDENT: I now put Motions 159, 160, 162, 163, Composite 14 and Motion 174 to the vote? All those in favour, please show? Anyone against? That is carried.



*Motion 159 was CARRIED*  
*Motion 160 was CARRIED*  
*Motion 162 was CARRIED*  
*Motion 163 was CARRIED*  
*Composite Motion 14 was CARRIED*  
*Motion 174 was CARRIED.*

THE PRESIDENT: Thank you, Congress, for your patience. It was a long report, well worth it and absolutely necessary.

Congress, I am asked to take the vote on Motion 154 and Composite 12. I believe I have taken them already but I will do so again to make sure. All those in favour, please show? All those against, please show? They are carried.

*Motion 154 was CARRIED*  
*Composite Motion 12 was CARRIED*

THE PRESIDENT: I now move to the business from this morning, which is Industrial & Economic Policy: Manufacturing.

**INDUSTRIAL & ECONOMIC POLICY: Manufacturing**  
**CREDIT**  
**MOTION 117**

**117. CREDIT**

This Congress calls on the Government to offer immediate improvement on credit conditions for manufacturing companies from high street banks.

NOTTINGHAM TEC BRANCH  
*Midland & East Coast Region*

*(Carried)*

BRO. P. SOPER (Midland & East Coast): Congress, as this motion says, this Congress calls on the Government to improve credit conditions. What is clear from the evidence of the manufacturing surveys is that two years on from the near collapse of the financial sector many small firms are still encountering a rise in the cost of finance while others have seen access to new lines of credit disappear. Under Project Merlin, Barclays, Royal Bank of Scotland, Lloyds, HSBC and Santander agreed to make cash available after talks with the Government in February. However, figures show that the banks are set to miss their target to lend £76 billion to small and medium size businesses. There is no doubt that a substantial improvement in credit conditions for business is taking far longer than we hoped to emerge. Despite this well-meaning rhetoric by the Coalition Government about improving the situation, there simply appears to be no quick fix. This is a situation that cannot be allowed to continue. An obvious move in the right direction, which wouldn't require much of an undertaking, would be to give businesses the right to appeal against decisions of High Street banks which they deem unfair. That would solve the sense of injustice that many small firms feel when they are knocked back in their credit requests. There also needs to be a greater impetus from politicians, including all our sponsored MPs, to force banks to start lending more money.

The future health of the much-hyped balance economy depends on restoring trust between small manufacturing companies and the banking system as turning ideas and innovations into business growth requires a financial partner. Is it really much to hope for that such a mutually beneficial agreement will emerge once again?

If I could just recite a paragraph from a poem which was written during the Miners' strike:

“For banks there'll always be a happy hour,  
For those with money and power.  
They'll never realise the hurt the hurt they cause  
To companies and people they drive into the dirt.”

I move.

THE PRESIDENT: Seconder?

BRO. R. WHILDING (Midland & East Coast): Congress, I second Motion 117. The Tories and their supporters in the media argue that public investment crowds out private investment but most economists say that that is nonsense when the economy is running well below its full capacity. The real problem over the last 20 years has been the speculative investment by the financial sector which has crowded out investment in the manufacturing industry. This situation, coupled with the economic policies of the Thatcher years, has reduced our manufacturing, the former workshop of the world, to just 12% of the economy. This crisis led to us, the taxpayers, bailing out and guaranteeing the UK banking system, and the taxpayer now having a major shareholding in some of the High Street banks, notably, Lloyds, TSB, RBS and the complete nationalisation of Northern Rock. With such banks under effective public ownership you would think that they would be playing their part in rebalancing the economy to making things, and giving small and medium sized companies much needed credit. But, no! They are just rebuilding their capital with taxpayers' money and paying massive bonuses to their executives.

This Tory-led Government will say that their agreement with the banks – Project Merlin – will release much needed credit and curb bonuses, but nobody believes that this agreement is strong enough. Liberal Democrat Treasury spokesman, Lord Oakshott, resigned after the agreement was announced, and Shadow Chancellor, Ed Balls, said that the banks won't be forced to lend if they don't want to. Economist, Robert Skedelsky, who sits in the House of Lords as a cross-bencher, had some very interesting ideas for the need of a UK national investment bank. He said that this bank should have a mandate to finance not only green projects but also others that can contribute to the rebalancing of the economy, particularly transport infrastructure, social housing and export-orientated small and medium sized enterprises. Realistically, these will have to be put to a future Labour Government.

The priority at the moment is to try persuading this Tory Government to abandon its free market and dogmatic views, and use our stake in the UK banking system to mandate them, to increase lending to small and medium sized companies in manufacturing and to create substantial jobs for the future. After all, the banks should be servants of the economy, not the masters of it. Please support.

## **MANUFACTURING MOTION 118**

### **118. MANUFACTURING**

This Congress notes the money committed by the last Labour Government for funding research and development into environmentally friendly new technology for the motor industry.

Congress agrees that to safeguard British jobs in motor manufacturing it is vital for the GMB to campaign at every level of the Trade Union Movement for the funding to translate into new engines and vehicles being built in this country so protecting the future of the British worker.

DAGENHAM MOTOR INDUSTRIES BRANCH  
*London Region*

*(Carried)*

BRO. M. PRESHAW (London): Congress, I would like to talk to you about theft. When we think about thieves, we imagine the kid on a corner with his hoodie on, a baseball cap and a can of Continental lager, but the real thieves are the international globalised companies. Last year they spoke to the Labour Government before it went, asking them, “Can you give us money for research and development?” They took that money and they did their research and development. They then took that research and the results to what they call the “emerging countries” and the emerging markets. The reason for doing that was cheap labour, cutting corners on health and safety and robbing the British taxpayer of the money that the people in public services could have used to keep their jobs open.

Do you know what? I wrote down what I wanted to say but I’m going to fold it up and throw it away. We’ve had enough of these greedy bandits of industry coming to our country, taking away British taxpayers’ money and not investing one penny into British manufacturing, what used to be the heart of this country. I look around this forum and I know that many of you are from the Midlands, our industrial heartland, but we don’t do it any more. I ask Congress to get on to the Government to stop these greedy people taking our money and let’s bring British manufacturing back to the UK. Please support.

BRO. K. BREACH (London): President and Congress, I second Motion 118 – Manufacturing. The last Labour Government knew how important it was to invest in manufacturing, but unfortunately it did not invest enough. They did, however, invest and research into greener technology for the motor industry, which helped. Anything that helps British manufacturing to grow, to create more jobs and to secure already existing jobs has to be supported. Thank you.

THE PRESIDENT: Thank you. Well done. I ask Northern Region to move Composite 9.

## **CONSTRUCTION INDUSTRY COMPOSITE MOTION 9 (Covering Motions 125 and 126)**

125. CONSTRUCTION (*Northern Region*)

126. CONSTRUCTION (*London Region*)

## **CONSTRUCTION INDUSTRY**

This Congress is concerned with the attitude towards the construction industry by the present government.

Congress deplores the loss of private sector construction jobs as a result of cuts in public expenditure, including the Building Schools for the Future programme. Congress notes that regional economies will be damaged by the Coalition Government's decision. We are appalled at the withdrawal of the funding that was originally provided for the refurbishment of schools and other public buildings thereby increasing our unemployment problems. We think that the government should rethink about the funding especially where schools are concerned because the children who attend them now are this country's future.

Congress believes that every £1 million of public sector infrastructure expenditure creates twenty construction jobs and calls on the Government to continue the previous Government's level of investment in infrastructure.

*(Carried)*

BRO. T. EARL (Northern): Congress, I move the composite motion on the construction industry. Before I start, I have an impediment in my speech, so if I get stuck, don't worry about it. I don't want to embarrass myself, that's all.

Congress, the Tory-led Coalition Government's decision to abolish the building programme for schools was a disgrace. It was a kick in the teeth for construction workers across the UK. Let's be clear, we predicted these types of decisions at last year's election. The Liberal Democrats voted for one thing, and look what they got. Their votes are propping up the Tory Party, who want us to return to the 1920s.

According to research, the Tory-led Government's cutbacks will cost 1.6 million jobs in the UK. The same research noted that 700,000 workers would lose their jobs in the public sector and 900,000 in the private sector. In other words, for every one job to go in the public sector, at least one other would go in the private sector. Congress, this shows that the public and private sectors rival each other. At the time of crisis you don't slash and burn. The scrapping of the Government project should not be the price to pay for us bailing out those bankers. The Government should maintain investment because investment will help pull the economy round. Leaving it to the private sector is a recipe for failure because the private sector don't have the finances and it will take decades for the private sector to replace the public sector investments.

Congress, unfortunately, we don't have a decade to wait. Our construction section needs help now. We need the Government to invest. I urge your support.

THE PRESIDENT: Well done, colleague. London Region.

BRO. M. PRESHAW (London): Congress, the withdrawal of the funding for the refurbishment of our schools and public buildings ain't acceptable. If you look around our towns and villages, our heritage is just being destroyed and left to rot. I ask the Congress to instruct the CEC that we fight tooth and nail to keep these buildings and get the funding back. Use the buildings for training apprentices,

because that is what we are lacking in this country. We don't put enough effort into the youth. I ask you to support the composite.

THE PRESIDENT: Thank you, Mick. Does anyone wish to come in on the debate? *(No response)* Congress, the CEC is supporting Motions 117, 118 and Composite 9. I now put them to the vote. All those in favour, please show? All those against? Carried.

*Motion 117 was CARRIED*

*Motion 118 was CARRIED*

*Composite Motion 9 was CARRIED*

## **SOCIAL POLICY: EDUCATION AND TRAINING**

### **EDUCATION**

#### **MOTION 225**

##### **225. EDUCATION**

This Congress calls on the Coalition Government to scrap student tuition fees and return the system of funding Further and Higher Education to the grants-based system. Congress, also, calls for such a policy to become Labour Party policy and laments that it was a previous Labour Government that brought tuition fees in originally, without writing such a policy into its manifesto.

NPOWER BRANCH  
*Northern Region*

*(Carried)*

BRO. M. McALLISTER (Northern): Congress, I move Motion 225 on Education. Tuition fees were Labour Party policy brought in at the end of their first term. It was not in their manifesto. Shame on them! Furthermore, if you remember, Labour came into power saying that the priority was education, education, education. Ten years after it came into power it came up with the idea of 50% of school leavers having to go to university. It sounds like the cart and the horse being the wrong round to me. I thought MPs researched things before they made policy announcements. Not for the first time Labour in Government was more concerned with spinning at the moment than the longer-term consequences. However, we are now in a different world. We have the Lib Dems who have said one thing in the heat of an election campaign and something else when in power. The fees that the Tory-led coalition have put through are staggering. Let's be clear. A way to help people to get on in life is for education to be funded from taxation. Education is a fundamental human right. How can it be that in the past we have funded higher and further education from the public purse? Today we don't have national industries, apart from banks or failed privatised train companies. We do not have anywhere near the publicly funded social care that we should have. We do not have as many services in-house. Congress, Government policy is about choice. Tuition fees will deter people from poorer backgrounds. Please support. I move.

THE PRESIDENT: Thank you, Martin. Secunder?

BRO. A. WALKER (Northern): I second Motion 225 on Education. Congress, tuition fees will deter people from going into higher education. More students will

take their education locally. They will look to stay at home and their debts will become their parents' debts. This is a progressive policy. Think of it from the school leavers' prospects. They have to pay for their further education, they need a degree to get a job and they pay the debt back and have better income prospects. They will be taxed to the hilt and they will work longer hours and more years to get their pensions. They will also have to pay for their care in retirement, and they are encouraged to save for retirement. What sort of MPs preside over a society like that? I will tell you, Congress, that it is a bunch of people in power who just don't get how we live. It is probably because they have never lived at the sharp end. They have never tasted poverty, or if they have they have long since forgotten about it. Let's get this situation reversed. The only change we want is for the fees to be scrapped. Thank you.

THE PRESIDENT: Does anyone wish to come in on the debate?

BRO. K. ROWLEY (London): Brothers and sisters, I have a very quick point to make. It is one of the great ironies of recent years. Charles Clarke, the MP for Norwich South, lost his seat, and one of the reasons for him losing his seat was on this education issue. The irony is that on the day that the students at the University of East Anglia were holding a demonstration against the cuts, I believe that Charles Clarke was giving a lecture at the university in his new position as visiting lecturer. What a tremendous irony! Don't forget that the breach was opened by the Labour Party. I don't say that as a general criticism but if that breach hadn't been opened we might have been able to resist. Thank you.

THE PRESIDENT: I now put Motion 225 to the vote. All those in favour, please show? Anyone against? Carried.

*Motion 225 was CARRIED*

### **ADDRESS BY ED BALLS MP, SHADOW CHANCELLOR OF THE EXCHEQUER**

THE PRESIDENT: Congress, I now move on to the next item of business, which is, as you can see and know, I would like to welcome Ed Balls to our Congress. Ed has been an MP since 2005 and now represents Morley and Outwood. Ed is current Shadow Chancellor of the Exchequer. Ed was Secretary of State for Children, Schools & Families from 2007 – 2010. Ed addressed the Public Services Conference in Southport last year. After Ed has addressed Congress, we will move to a question and answer session, to be chaired by Kevin Maguire. Kevin is Associate Editor of the *Daily Mirror*, a well-known political journalist and a good friend to the GMB. Ed, please address Congress.

ED BALLS MP: Thank you, very much, indeed, Mary. I thank you, Mary, Paul, Malcolm, to the Executive and to all the delegates here today. It is a great honour to be invited to your Congress to speak to you today at this very important time for our country, and also to answer your questions in the Q and A session afterwards.

As Mary has said, I spoke last year in Southport at the Public Services Conference. At that time, I was the Shadow Education Secretary. On that day I came to the

conference with bad news because it was on that day that the Conservative Education Secretary, Michael Gove, put an immediate stop on the extension of free school meals that this Union, and Mary in particular, over a number of years had campaigned for and delivered through Labour's National Policy Forum. Back then we could only wonder at the scale of what the Coalition Government was intending to unleash, the reckless gamble that they were willing to take with our economy, jobs and living standards.

Since then we have seen the biggest public spending cuts for over 60 years, faster than any other country in the world, and also the biggest hit to the living standards of your members in a generation, whether that is the VAT rise up to 20%, costing the average family £450 a year, or the fact that pensions and benefits will be uprated by the CPI, and not the RPI, on a permanent bases. Further, the cuts mean that women, already in their 50s, will now have to work for one or two years more to draw their pensions. We have seen cuts to childcare, the abolition of the Youth Jobs Fund, workplace rights scaled back for parents and the trebling of tuition fees, which we have just been hearing about. The Education Maintenance Allowance, support that helped thousands of children of low paid workers stay in education, has been removed in the last 12 months.

Let's be honest, too. We also had no idea of quite how unable or unwilling Nick Clegg, Vince Cable and their Liberal Democrat colleagues would be in standing up against these cuts and doing anything about them. We can't be in any doubt any more about that unwillingness.

We know that we have been through a global financial crisis. It wasn't a crisis made in Britain. It was a crisis which happened in every major country. We know it was a crisis caused by the irresponsible actions of banks around the world. I say this to you in all humility: we, Labour, should have regulated the banks in a tougher way. We know, too, that we need to get the deficit down, and that means tough decisions on tax and spending. The evidence is all around us now that George Osborne's plan is not working as he planned. However much he and the IMF today are hoping that this is just a temporary blip, the fact is that his spending cuts are going too far and too fast and, as a result, as we have seen in the last six months, our economy is flat-lining, confidence is slumping and the recovery has stalled. By cutting too far and too fast, I believe he is creating a vicious circle in our economy, and that vicious circle is more people out of work, on benefit and that is making it harder to get the deficit down. That is why the Government is now planning £46 billion more borrowing than a year ago. Today I want to set out why I believe that this rash plan is not working. I want to say why the Government should be following Labour's more balanced alternative approach to the deficit, which would put jobs first. Following on from Mick just now, I also want to say why the Shadow Works Secretary, Liam Byrne, and I are this week launching a campaign for a £2 billion tax on bank bonuses, which should be used to create 100,000 more jobs for young people this year in our economy. Before I do, let me say this. When Coalition ministers come to this Conference and warn that they will have to act and legislate if we see a return to the unrest of the 1980s, my message to you is do not fall for this completely transparent game, this attempt by Government ministers to provoke a row about strikes and blaming the stalling recovery on trade union members and working people. Do not fall for David Cameron, George Osborne and, yes, Vince Cable's desperate attempt to take this country back to the

confrontation of the past. Let us say instead today, loud and clear, that we don't want a return to the 1980s. In this hall we don't want a return to the division and confrontation of the 1980s. In this hall we don't want a return to the strikes and lost working days of the 1980s. Seven times more days were lost to strikes in the 1980s than under the Labour Government. However, we don't want, too, a return to the mass unemployment of the 1980s. In this hall we don't want a return to the cuts in manufacturing investment and rising child poverty of the 1980s. We don't want a return to the decaying school buildings and long NHS waiting lists of the 1980s and, above all, we don't want to return, ever again, to the mass youth unemployment of the 1980s, to a time when young people left school or college and went straight into long-term unemployment, an opportunity denied and a terrible waste of talent which scared our country for years to come. That is why we do now need a proper debate about an alternative economic policy, a proper plan B for jobs and growth, which is the best way to get the deficit down. We also want a proper debate that doesn't falsely claim that the recession, the deficit and now the stalling recovery are all caused by the National Minimum Wage, better maternity and paternity rights or record spending on schools and the NHS. The fact is that you cannot blame this global financial crisis on GMB members, trade union members, teachers, nurses, carers, lunch-time supervisors, mums, dads or grandparents. It would be a travesty to allow that to happen. We must not let David Cameron, George Osborne or Vince Cable get away with it.

I don't know whether you saw a few weeks ago David Cameron in the House of Commons describe me as "the most annoying person in British politics". I didn't know whether to be embarrassed or slightly proud of having received this accolade from David Cameron in Prime Minister's Questions. Unfortunately, it only lasted three days before I was knocked off my pedestal. The *Sunday Times* did an opinion poll when they asked the public who is the most annoying person in British politics. I was pleased to say it turned out, as far as the public is concerned, David Cameron is just as annoying as me. (*Laughter and applause*) It also turned out that, according to the public, George Osborne is more annoying than both of us. It turned out that Nick Clegg is more annoying than all of us, but the most annoying person in British politics is still, according to that opinion poll, Peter Mandelson, although I know that Peter Mandelson will wear that label with pride, as I do. It is my intention, as it is Peter's, to make sure that we are even more annoying to this coalition over the next year. I want to say more about that in a moment.

First of all, coming back here to speak to the GMB Congress for the first time, we in the Labour Party really value this trade union, the values and commitment to justice and a fairer society that this Union stands for. We appreciate the strong and challenging leadership of your General Secretary, Paul Kenny, and we appreciate the work that your members do up and down the country every day to improve the working conditions for those in vital industries across our country in our utilities, manufacturing, public services and across the private sector as well. We need a mature relationship between the Labour Party and the trade union Movement working together to make sure that in future we have a strong, prosperous and fair country.

I stand before you today proud to have served in the last Labour Government. Where we got things right, even when sometimes we didn't agree – I am not going to be shy about saying that – there were times when this trade union made calls which we didn't



hear and which, in hindsight, we should have heard. I also hold my hands up to that, too. Over the last decade, your General Secretary, Paul Kenny, was at the forefront of bringing some key issues to the front of the political agenda. Paul was one of the first to make the case that we were too slow to recognise the impact of the unrestricted movement of labour within the European Union after 2004. He was one of the first to say that you can't fight the fascism and racism of the BNP if we also ignore people's mainstream worries about immigration. He was right that we were too slow on the Temporary and Agency Workers' Directive. We should have done more to control that migration.

It is also the case that GMB members were telling us that we were too late in responding to the housing shortage. We should have moved earlier to unlock the door into council house investment. Those are things which we should have heard. Part of our party recognising why we lost is hearing those things now again. It is also the case over that 13 years that through that strong, mature and sometimes challenging relationship, we did some good things for working people, too, from tax credits and the National Minimum Wage to make work pay, to guaranteed holidays, from the right to join a trade union and be represented to new rights for part-time and temporary workers. Also we brought in new rights for parents and carers in the workplace. As I said earlier, we are proud of our free school meals campaign, which showed how Labour, working with the GMB, can get things right as well.

With Brian Strutton, when I was the Education Secretary, and our colleagues in UNISON, took, we established a school support staff negotiating body on the simple principle that proper terms for pay and progression are just as important for teaching assistants, caretakers, cleaners, cooks and lunchtime supervisors as they are for teachers, nurses, doctors and the police. I have to say that I think this Government have made a profound mistake by abolishing that negotiating body.

As I said at the outset, Paul and Mary, these are difficult times for the Labour Party, for the trade union Movement and, above all, for the people who we are here to represent. Over 12 months on from the general election, it is a matter of real regret to me that I am now addressing you as the Shadow Chancellor of the Labour Party, of an opposition Labour Party, rather than as part of a Labour Government. I remember last summer during the leadership election meeting a group of union activists in July in Manchester, and one of them saying to me, "It's all very well you coming along with your diagnosis, your vision, what went wrong and what you are going to do in five or ten years time, but our members are losing their jobs now. What are you going to do about it?" The fact is – it is a salutary lesson for us as a political party – that both public and private sector workers are being hit hard by the deepest and fastest cuts of any major economy in the world. As we have seen in recent days, it is GMB members who are seeing their jobs on the line because of the scandal of Southern Cross, as well as the tens of thousands of vulnerable people they care for every day. It is also thanks to the work of this Union that we know that front-loaded cuts to local government is having a very big impact on the jobs and services of your members, of my constituents, but with the impact hardest in the poorest areas. We know that GMB members, especially those working part-time or in low paid jobs, or women and parents bringing up children, know the truth of Government's claim, "We are all in this together", because David Cameron promised to lead the most family friendly government ever. The reality is that he is giving the banks a tax cut this year while his

changes to taxes and benefits are hitting women harder than men and hitting families with children the hardest of all. You also know of the fears we all have for the true agenda on public service reform with the review of TUPE and other rights being reviewed. The protection against unfair dismissal is at risk now of being scaled back as well.

When you think of that agenda and what is happening, there are those who say, after 13 years in government, perhaps Labour needs a period in opposition to review things. I find when people say that they need their head examining. People say to me, “Ed, you’re good at opposition.” I have to say to you that I hate being in opposition, because however effective we can try to be in holding this Government to account, if we are out of power, we can’t turn our aspirations into reality. If we are out of power we can’t act to protect the most vulnerable. If we are out of power we can’t ensure that every child gets a chance to succeed rather than just some children. If we are out of power, we can talk about jobs, social justice and fairness, but we can’t deliver. That is why these debates are so important.

On the other hand, in the last year, having travelled round the country as a leadership candidate, as Shadow Home Secretary and now as Shadow Chancellor, I don’t find trade union members or Labour Party members down and despondent. I find people to be energised, united and determined to do what it takes. I was proud, along with many of you, and with many mums, dads and grandparents, teachers, nurses and small business owners, too, to be part of the TUC rally on 26<sup>th</sup> March, a massive and peaceful march that said no to coalition cuts which are too deep and too fast, because we know the future of fairness, our public services and our welfare state are at risk at this time.

Don’t let anyone tell you the lie that there is no alternative, that the Government has to do these things. Don’t let anyone tell you that the reason why we have to see cuts on this scale is because Labour spent too much on schools, hospitals or the police. It wasn’t because we built too many hospitals or repaired too many leaking roofs in our schools that Lehman Brothers, a New York investment bank, went bankrupt in New York, in the United States. We did increase public spending because for 18 years public services had been starved of proper resources under the previous government. I make no apology for the new hospitals and new schools that we built which gave jobs to people in the public and private sectors, too. We did so by raising taxes, by having fairer taxes, including the National Insurance rise in 2003. I believe that we got some of the big calls right on the economy, such as bank independence, which was opposed by the Conservatives. Also we kept our country out of the Euro, the single currency, which is a decision that looks even more wise when you see the troubles of Greece, Ireland and Portugal in recent months.

Before the global financial crisis, we had the second lowest level of national debt of any country in the world, lower than America, France, Germany and Italy, and lower than we inherited in 1997 from the Conservatives. Then we had the financial crisis. When we left government a year ago we were turning a corner. The recovery was strengthening, unemployment was falling, confidence was returning and inflation was low. There was a long way to go but we were getting back on the right track. Because more people were in work paying taxes and not receiving benefits, borrowing came in at £20 billion lower than we expected. Then, as I said earlier,

George Osborne ripped up that plan. He said, “We are going to have the fastest deficit reduction of any economy in the world. We are going to put up VAT and cut deep into front-line services. We are out of the danger zone.” What happened? The economy went from growth to flat-lining in the last six months. Prices now are rising for everybody, threatening a rise in mortgage rates. Unemployment is now forecast to be 200,000 higher than was expected a year ago. Also, in April of this year, there was the highest amount of public borrowing in any April ever! That is because, as I said, we are getting into a vicious circle. If the economy is slower, if fewer people are working, if fewer people are paying taxes and if more people are getting benefits, that means it is harder to get the deficit down.

Let us remember this as well. When David Cameron, George Osborne, Nick Clegg and Vince Cable say that there is no alternative, the last politician to say that there is no alternative was Margaret Thatcher in 1980, who said there was no alternative to her economic plan. As a result, we saw cuts to jobs, cuts to manufacturing jobs and the devastation of our communities on a scale that we hadn’t seen before. The previous Prime Minister before Thatcher to say there was no alternative wasn’t a Conservative Prime Minister but a Labour Prime Minister. It was actually Ramsay MacDonald in 1931. After the 1929 Wall Street crash, the biggest financial crisis of the 20<sup>th</sup> century, MacDonald, a Labour Prime Minister, said to the Labour Party: “I’m sorry. There’s no alternative. We’ve got to cut spending now. We’ve got to cut unemployment support”, to which the Labour Party said no, they wouldn’t. So did the Liberals at the time, led by Keynes and Lloyd George. MacDonald, a Labour Prime Minister, then went into coalition with the Conservatives, the National Government of 1931, to drive through those cuts. What did we see? The Great Depression of the 1930s, unemployment rising and the national debt not going down but going up. That is why I say you either learn the lessons of history or you repeat the mistakes of history. That is what George Osborne is doing today. That is why this argument is so important. The truth is, as I said, that he is going too far and too fast. We need a balanced approach to the deficit, not the fastest deficit reduction of any country. That’s why we said we should repeat the Bank Bonus Tax and have a plan for youth jobs for our young people as well. The problem is that George Osborne just doesn’t seem to listen. He just doesn’t seem to get it. I don’t think he understands how hard people are being hit by the VAT rise and how hard they are worrying about the fear of rising tuition fees or the potential loss of jobs. For the sake of our country’s future, I believe he should think again and start putting jobs and growth first. He needs to do so now.

In conclusion, before we go to the Q&A session, in this hall, you know, as members of the GMB and as Labour Party members know as well, this essential truth: when living standards are squeezed, you know who pays the price. When public services are scaled back, you know which communities lose out. When unemployment becomes entrenched, you all know which areas suffer the most. When only some children succeed, you know which children will get left behind. The reason why we campaigned so hard in 1945 and 1997 was because we had seen the reality of what a Conservative Government could do. We saw the ravaged mass unemployment of the 1930s, we saw the millions of young children excluded from university in the 1950s, and many of them lived through the Thatcher and Major Governments of the 1980s with the doubling of child poverty, the soaring of youth unemployment, manufacturing investment cut and public services slashed to the bone. That is why the work we now

do at the beginning of this term of opposition is so important. That is why it is so important that we win back the trust of the British people, because so much is at stake now in our country. Three-and-a-half thousand children's centres are at stake. A young generation is at risk again of mass unemployment. We have more than two million children living in poverty. That's what's at stake. Our National Health Service is at stake, too. I believe the future of our country is at stake.

That is why Ed Miliband, myself and the Shadow Cabinet will all work with you to take this fight to the Coalition, to argue that on jobs, growth, living standards and the economy there is a better way, there is a fairer way and that there is an alternative. Let us work hard to deliver it. Thank you. (*Applause*)

### **Q&A "20 QUESTIONS TO ED" CHAIRED BY KEVIN MAGUIRE**

KEVIN MAGUIRE: Ed, *these* are the people who reduced the Business Secretary, a Cabinet Minister, to a quivering wreck. (*Applause*) I watched it live on TV. The BBC and Sky took the GMB feed. You could see his hands shaking and his legs shaking. In fact, Mary, who was supposed to be his friend, said, "Oooo, I don't like what he is saying either, but let's just listen to him." I thought "He hasn't got a chance." I felt so sorry for him that I was going to ring up and get him a place in a Southern Cross home, and then I remembered that they have a few problems. (*Laughter and applause*) Ed, Vince Cable is the lower bar that you have to clear, which shouldn't be hard, and the higher bar was Tommy Watson, who got a standing ovation yesterday. This is a Q&A session. I will put in a few questions of my own but it is the GMB Congress we want the questions from. Thank you to the delegate from Leicester who tweeted they were looking forward to this.

I would like to start with my own question, abusing my position here as Chair, and ask, looking back was private equity just a tax break for companies to destroy jobs and a big error? We have Southern Cross now. I can remember Paul Kenny at this Congress, year after year after year, complaining that it was something of a scam wrongly named. He said it should not be "private equity" but "private inequity." In the end, I don't think Damon Buffini ever got over the GMB taking a camel outside his church to show that it is easier for a camel to go through the eye of a needle than a rich man to get into the kingdom of God. In fact, the camel never got over either because it did shortly afterwards, didn't it? Anyway, leaving the dead camel to one side, was private equity an error?

ED BALLS: Private equity is all around the world. What's the alternative? Do we really think that if you look at the FTSE 100 companies – all 100 of them – in Britain in the last 10 to 15 years that they were all paragons of long-term investment, of taking the long view of investment in jobs? I don't think so. Can you say that every private equity deal was a bad deal? I don't you can say that, either. As in big companies and those that deal in private equity, there are some good ones and some very bad ones as well. We should look at whether or not in tax and regulation we got things completely right. The reality is that there were some private equity deals which showed that they delivered more jobs and more investment than being listed on the Stock Exchange, and there were some private equity deals which were all about short-term financial engineering, asset stripping and were very bad for the long-term

future of the company and pension holders as well. I find it hard to make a general statement but let's talk about the specifics.

If you look at Southern Cross and at the guys who took all of that money just a few months before it went belly up in the stock market, they must have known what they were doing. That looks like a scandal to me. It looks like that that was the worst of short-termism. In that case, it looks pretty bad.

KEVIN MAGUIRE: Sally Morgan is on the board, who is Tony Blair's long-term aid, isn't she? (*From the floor: Ooooo!*)

ED BALLS: Am I supposed to comment on that?

KEVIN MAGUIRE: It is probably best if you don't.

ED BALLS: She has just been chosen by Michael Gove to be chair of the new Education watchdog.

KEVIN MAGUIRE: Some people did better out of new Labour than others. Of course, this being the GMB and you are at the technological forefront, I know you've got those gizmos to vote on certain questions – this is slightly unfair, Ed, but it is me – who liked what Ed said on private equity? Shall we vote now? Yes or No?

ED BALLS: I think it is probably a no.

## Do congress agree with his answer about private Equity



Yes  36.5 %

No  63.5 %

KEVIN MAGUIRE: *That* is not a no result. Blimey, look at that! It is a landslide.

ED BALLS: Does it always take this long? (*Calls of "Yes"*) Can't you wind faster or something?

KEVIN MAGUIRE: Strewth! Simon Cowell charges 50p for each of these votes.

ED BALLS: I know, but at least unlike Kevin you can understand what I am saying.

KEVIN MAGUIRE: Oops. You probably won't like this, Ed. That's 2:1 against. I think GMB members, basically, want much tougher controls on private equity. *(Applause)*

ED BALLS: Kevin, I'm not saying that we shouldn't have tougher controls on private equity. The idea that being listed on the Stock Exchange is a better alternative I don't think that quite adds up.

KEVIN MAGUIRE: Maybe it doesn't, but it is the idea that you have some ownership of a company or you are just a private investor who moves shares around and you just switch your money from company to company, you asset strip and then you leg it. It is even worse when they are foreign-owned. If you look at Burberry, Cadburys and some of these other Great British names, they have just been destroyed. I know it is a union conference so I shouldn't get too political. *(Laughter)*

I will ask somebody to put their question – I don't know what the questions are but I've got a list of the order of speakers which was agreed earlier – and if the next person could come to the rostrum while the answer is being given, that will be helpful. Could we have the first question from Brian from Southampton in the Southern Region, and then Angela Berry from the North West & Irish Region.

BRO. B. HULLEY (Southern): Good afternoon, Ed. When re-elected, how will you stop the rich and famous from banking offshore and make them start contributing to the British economy? Was the previous Labour Government's policy to give private equity tax breaks and a free hand a good idea? *(Applause)*

ED BALLS: It is a continual challenge to try to make sure you get the balance right between, on the one hand, taxing people too hard so that everybody just leaves the country, or taxing them in too lax a way so that they can just avoid their tax liability. That is a continual challenge for government. There are many very clever people who find all sorts of complicated ways to try and get round the legislation. That is why we are continually trying to crack down on that kind of tax avoidance. That is what we were doing. If you look in our Budgets every year we tried to find all the loopholes. We normally closed off about a billion pounds a year in loopholes to stop that happening. At the moment, George Osborne has just announced that he is wanting to see a 20% cut in the staff at the HMRC, the Inland Revenue. That is a tax avoider's charter. That will make it easier for people to avoid that tax.

I can remember that when I was first in politics in about 1990-1991 George Walden, who used to do the interviews for *Weekend World*, used to fly in by helicopter from Jersey to do his interviews and then get back at the end of the programme because if he was in the country for too long, the danger was that his tax domicile would shift. So this issue goes back quite a long way. You have to make continual attempts to try and stop that happening. Does that mean that you should stop anybody who wants to spend some time in our country having their taxes offshore? That's a really difficult thing to do in our kind of economy. You have to get the right balance, and you are always trying to get that right.

In terms of private equity, we didn't have any tax breaks which were specifically for private equity. What we did do was have a lower level of Capital Gains Tax for

people who were re-investing their money back into businesses. That wasn't a private equity tax break per se. Private equity existed in many countries where that Capital Gains Tax change wasn't there either. We need to look at these issues around regulation and tax. As I said, you have to be careful. To say "Private equity bad – listed companies on the Stock Exchange good", I am not sure that that stacks up. There are some private equity companies that are good. There are some listed companies which are very good bad, but the asset stripping, in the way that Kevin described in some of those companies, was a very bad thing. Would they have been stopped by a change in the tax laws? Definitely not.

KEVIN MAGUIRE: Was there ever any justification, Ed, for investors/speculators paying a lower rate of tax than a carer or somebody in a factory, a call centre, driving a bus, sweeping a road or working in any of the public services, because that was the case? Speculators used to pay a lower rate of tax. They were on 18% while anybody who worked, sweated and had a bit of pressure for work, used a bit of brawn, would pay more tax.

ED BALLS: The previous Conservative Chancellor before 1997 agreed with you. He said you should have the same rate of Capital Gains Tax as the top rate of tax. So it was 40%. We had a lower level than that but only for people who were re-investing money back into a company here in the UK. If you were taking the money and putting it offshore, you didn't benefit from the lower tax rate. That may not be popular. It may be easy to say that that was allowing people to have a lower tax rate but, I am afraid, if you are in government and you are trying to think to yourself, "What's the way in which we should get people to re-invest and keep jobs in Britain?", sometimes you have to make decisions on tax which may fail that test in terms of an easy line, but it is the right thing to do in terms of long-term jobs and investment. The issue is not the policy but whether you get it right. If you are allowing people, essentially, to avoid the tax and go offshore, then you are failing, but if you are encouraging people to reinvest and create jobs in Britain, that is a good thing from the point of view of our country. The fact is that pretty much every country in the world in the last 15 years has had a lower level of Capital Gains Tax than the top rate of tax. That was the direction the world had gone in.

SIS. A. MURPHY (North West & Irish): I have two very simple questions. Is new Labour dead? Will the current leader of the Labour Party stand up for working people? (*Applause and cheers*)

KEVIN MAGUIRE: That's what I like about the GMB. You don't pull your punches, do you?

ED BALLS: Every Wednesday in the House of Commons the Leader of the Labour Party stands up in probably the most intense environment in politics anywhere in the world at Prime Minister's questions, which is watched by people around the world. It is his job to stand up for working people every week. In taking on what Cameron is doing with the privatisation of the NHS, with what he is doing around the cuts to public spending, which go too far and too fast, that is what he is doing. That is something which we, at all times, all of us, have a responsibility to do. I think new Labour has gone. New Labour was of its time. (*Applause*) New Labour was about coming to terms with us having been in opposition for 18 years and having to win

from a very long period in opposition. We are in a different era now. I was part of new Labour in 1997. I didn't like what happened after 2001 where we ended up on public service reform giving the impression that the problem in public service reform was people who worked in the public sector. That was never true and it was never right. That was a big mistake that was made in that period. I had big arguments with Tony Blair over foundation hospitals and some of the way in which reforms went at that time.

There was a very important insight about new Labour in 1997, which I am proud of, and which I think was completely right. You can spend a long time in opposition talking to yourselves and making yourselves feel good, but if you don't win elections – if people say, “It's all very well but I don't believe in them. I don't trust them. They are not credible” – then you don't succeed. You can be as radical as you want, but if you don't win the trust of the voters, then you don't get a chance to do anything. The reason why new Labour was important in 1997 was because, throughout the 1980s and the early 1990s, very large numbers of GMB members said “We are not voting Labour. We don't trust them. We don't think they've got it right. They are not credible”, and they voted for Margaret Thatcher and John Major. What changed in 1997 was that new Labour at that time won the trust of T&G members, GMB members and UNISON members, and that was very important.

The line I have taken is that I don't want to go back to new Labour, but if new Labour means the division within the labour Movement of the early part of the decade, then no way. However, unless you get right that fundamental insight that you have to be radical, credible and win the trust of the people who you stand to represent, including trade union members, then it is all for the birds. That is a very important lesson. There are many GMB members who we still have to persuade to come back to us at the next election.

KEVIN MAGUIRE: Ed, I accept that you are doing a good job. The Chancellor, George Osborne, has run away and he doesn't want to engage you. He popped up this morning on the radio. Some of you might have heard him.

ED BALLS: I would have debated him but he wasn't up for it.

KEVIN MAGUIRE: When I look I see huge anger in the country and huge anger in the trade unions, but there is a feeling that at the top there is a bit of a vacuum and that the Shadow Cabinet isn't punching its weight. What do you say about that?

ED BALLS: It is hard. I am not saying that any of us in the Shadow Cabinet should be complacent or say, “We are getting it right, but you guys are just not spotting that we are getting it right.” We've got to do better. We've got to be the party of government. We are currently in opposition. We have to be ready to get back. We have to win the trust of people, and that's a really tough thing to do.

If you take the debate about tuition fees, a Conservative policy, which has been supported by the Liberal Democrats with Labour in a different place, in opposition, I think we did a good job in the Autumn with John Denham and Ed Miliband about taking the Coalition on on tuition fees. Similarly, on the economy, with these deep



Conservative cuts being supported by Nick Clegg and Vince Cable, the voice against these cuts is me and the Labour Party, and we are getting that message over.

If you look in other areas, like the National Health Service, the truth is that you have a Coalition of Tories and Liberals which is currently completely divided and fractured with loads of Liberal Democrats, including some in the Cabinet, being opposed to what the Conservative Health Secretary is going to want to do. In those circumstances, it is inevitably the case that for a period of time the media finds it more interesting to focus on the internal divisions within the Coalition than on the Labour voice. That is not an excuse. I think John Heeley is working incredibly hard. People have got to hear Labour saying, "Don't put profits before patients." We have to expose those divides in the Coalition, but it is inevitably the case at the beginning of a Parliament, when the Coalition is divided, that the media is going to be more interested in the divisions within the Coalition. The reason why the economy is different is not because I am better at getting on TV or tougher with George Osborne, but because there is a very clear debate between the Coalition and what we are saying on the economy. That will happen over time in other policy areas. It will just take a bit longer in some of the other areas.

KEVIN MAGUIRE: I want you to use your gizmos again. Who thinks Ed Miliband should be doing better as leader? You're a Labour affiliated union. I think you backed Ed Miliband for leader. A lot of you must have voted for him. Did you notice how I phrase my question. I asked was he doing better rather than if he was doing a bad job. I mean if he is being positive and constructive. *(Pause)*

ED BALLS: How old is this technology? *(Laughter)* What's going on?

KEVIN MAGUIRE: It's democracy.

ED BALLS: Has Paul gone out to wind the handle, or something?

## Who thinks Ed Miliband should be doing better as Labour leader?



Yes  90.2 %

No  9.8 %

KEVIN MAGUIRE: There is the result. 90.2% against 9.8%. It's not the GMB. It's Albania. (*Laughter*)

ED BALLS: To be honest with you, I'm going to say this. I think that the GMB was right to nominate Ed Miliband. He has made a good start. It is really hard when you start off being opposition leader. It was hard for David Cameron and it was hard for William Hague. It was hard for Tony Blair and it is hard for Ed Miliband because you are at the beginning of a Parliament and there are some tough decisions to be made. I think you should have a bit of faith and trust. I think that Ed Miliband can lead us not just into the next general election but lead us to victory at the next general election, and I am going to keep backing him.

KEVIN MAGUIRE: The next speaker is Tony from my home of South Shields in the Northern Region. Could Stacey from Birmingham get ready.

BRO. T. WINTER (Northern): Ed, you have part answered my question, but I will ask it again. How will we regain the traditional Labour support that we lost at the last election?

ED BALLS: It is really important that you don't try to have different strategies for different groups of voters, people who voted Liberal or people who voted Tory. You have got to be clear and consistent as a political party. You have got to be clear about what you stand for. You have also got to win people's trust. What happened in the local elections was that loads of people who voted Liberal Democrat came back to Labour. That's why we did well in the local elections, but there were some people who voted Labour historically, who voted Conservative in the last general election, who still hadn't decided to change their minds. The reason was that those were people who voted for higher tuition fees and voted for deeper cuts to public spending. They voted for it because they thought that, somehow, this would lead to there being more jobs, more confidence and all of the cuts could come from waste and it wouldn't affect their kid's chances of going to university, or their chance of getting a job. They thought it wouldn't affect their NHS waiting times. We have to show that we have the right analysis and that we are tough on those issues where people want us to be tough. We need to be tough on crime, tough on sentencing, support proper investment in policing, take a sensible approach to getting the deficit down, investing in jobs and backing a free NHS. If we can show that we are the kind of people who those voters would like to have in Downing Street standing up for them, that is a basis upon which we could win the next election. What you can't do is have a strategy for Lib Dems in north London over *here* and a different strategy for those people who voted Tory in my constituency. What people want is a bit of clarity, vigour and strength on crime, jobs and the NHS in particular. I think we can do that and that's what we need to do to win them back.

SIS. S. ELSON (Birmingham & West Midlands): Mr Balls, when next in power, what will Labour do for young people who are in NEET, meaning not in employment, education or training?

ED BALLS: When we came into government in 1997 we had a really good programme focused on young people who were not going to university, who were not going to college but were at risk of being unemployed for over six months, including,

as you said, all of those people who would be classified as NEET. We had that programme, a New Deal, which was paid for by the Windfall Tax on the privatised utilities, a campaign which we worked really closely on in opposition with the GMB trade union, in particular, but others after 1995. We said at the time that there would be a range of proper options for those young people. There wouldn't be the option of doing nothing. We would put what was in fact billions of pounds into making it work. The truth is that it did work, and it worked to get youth unemployment down a long way. We saw a fall in the NEET rate as well.

What then happened in the second half of the Labour Government is that our focus changed on to getting more people into university, to getting more people to go to college and getting more people to do really well at school, which are all important things, but we lost a bit of focus on youth unemployment and those young people. Certainly after 2007, when I was an Education Minister, we focused again on those young people who often need another chance in education after 16 to get themselves up to the basics, so that they can then work for a trade or a qualification. We also focused on trying to get more employers to offer the kind of apprenticeships that can often appeal to those young people. I travelled all round the country with John Denham and Alan Sugar doing lots of roadshows to employers saying, "Give an offer of apprenticeships to those young people."

During the last year, all the new work we were doing on young people and employment has been cancelled, particularly for NEETs and the Youth Jobs Fund, as that was abolished by George Osborne a year ago. Secondly, compared with last year, he has cut taxes for the banks by not repeating the Bank Bonus Tax. I said yesterday on the TV that what George Osborne should do, and what we want to do, is to repeat the Bank Bonus Tax for a second year, raise £2 billion from the banks and use that money to have a programme of job creation in the public and private sectors for young people and start that now. Different young people need different routes to obtaining jobs, because not every young person can go straight into a job at 16 or 17. We must have a real national programme and drive to do that. That is what we had a couple of years ago and that has gone now. On Saturday night there was a TV programme called *Britain's Got Talent*. We are launching a campaign today called *Britain's Lost Talent*, and we need to give that lost talent a second chance.

SIS. B. BENHAM (London): Ed, do you regret not implementing the GMB campaign for free school meals for all primary age children? Secondly, why did you allow the signing of the SSSNB to become so protracted that you eventually handed it on a plate to Michael Gove to dismantle the long overdue agreement for school support staff? (*Applause*)

ED BALLS: As you know, we worked really hard to get the SSSNB agreement, and it wasn't easy to get other parts of government to agree to set off down that course. As I said in my speech, I, personally, believed, and so did Jim Knight and then Bernie Coker, that having that framework for support staff, like the teachers, was very important. It was hard because there were some real legal issues that we had to try and get sorted out. All the work on job comparability, which had to be done, was hard. We were taking thousands of different schemes for job progression and trying to put them all into one national scheme, and it took longer than we wanted. I know that that was frustrating. The fact is that when Michael Gove came in, he scrapped the

SSSNB, he scrapped the whole national agreement for teachers, he scrapped Building Schools for the Future and he scrapped pretty much everything else. I don't think, in the end, if we had gone a bit faster, it would have made any difference. The fact is that we wanted to do it. We were working in partnership to do that and then it all got thrown away.

In terms of free school meals, we put in place the money for the pilots. It was the same with the Education Maintenance Allowance. It is not easy, when you are talking about hundreds of millions of pounds, simply to say, "Look, I'm pretty sure it will work, so let's spend the money." First of all, you've got to prove it works. There was good evidence from Hull. We had a range of pilots across the country testing the scheme out in particular local areas. We would have put hundreds of millions of pounds into making that work. Alan Johnson and I did that together. We were showing that it improved behaviour and attendance, but it also raised standards in schools as well. I was a big believer in that. Our plan was that if we could prove it worked with the evidence, that was the platform. When we were coming out of the financial crisis it wasn't easy at that time to get the Treasury to sign up to that scheme. Michael Gove, I am afraid, didn't wait for the evidence to say that the scheme didn't work and then abandoned it. He abandoned it halfway through the gathering evidence exercise in the pilot areas. It was a tragedy, in my view. It will undermine behaviour, discipline and mean that a group of young people are less likely to do well in school. It was a big GMB campaign. Mary championed it. I hope you will keep the pressure on because I still believe that this is the right policy.

SIS. C. HARWOOD (Midland & East Coast): Ed, why is the Labour Party happy to accept the unions' support, help and friendship, but appears reluctant to fully support the trade union's political agenda?

ED BALLS: I am going to go back to the question I just answered about the insight about 1997. The partnership we have between the Labour Party and the trade unions is very important, but we also need to be a party of government which can work with the trade unions, support people who are not yet in trade unions and work with business to get investment and pensioners. If we as a Labour Party came along and said, "Look, whatever you want, tell us and we'll do it", if we ever said that, I don't think you would clap. I am sure you would think, "They're not serious. They're a joke." That would be because there are times when we are going to agree and times when we are going to disagree, and that is quite important. It is really important to have a mature relationship, which means you can set out on the table differences of views and sometimes not agree. The GMB is representing a particular public sector workforce in a particular part of the country. It is not always going to be the case that either Labour controlled local government or national government is going to agree on every aspect. That is okay so long as it is based on mutual respect, and we know that we are trying to achieve the same goals. If you think that we are going in different directions, that we don't share the same values and we've got fundamentally different goals, then we've got a problem. If you think that there are times when, in the past, we weren't true to our values and got things wrong, I put my hands up, as I did in my speech, and say, "Yes, we didn't get everything right. You're right about that." But if you think the test of the relationship between Labour and the GMB is you saying, "Here are our ten things which have to be done", and we say, "Fine, those are the ten things we will do", that is not the way for us to win your trust and

credibility, or for us to win the wider trust of the British people. It is very important that we are straight about that. I could agree with everything you say, but you wouldn't think I was serious.

KEVIN MAGUIRE: What is your view on the state funding of political parties?

ED BALLS: We are a very long way away from that being a reality.

KEVIN MAGUIRE: Would you want it?

ED BALLS: Personally, I don't like being in a political system where how much money you can spend depends upon how many rich individuals you can get to give you their money. I would much rather live in a world where we didn't have to do things that way. I also think it is very important to have a way of fundraising which allows trade union members to make a contribution through their subs, through their trade union, to political parties. I don't think we should lose that at all. If I thought there was a constituency in the country for political funding of parties which got us away from those individual donations, I would support it, but I don't think that's where the consensus is at all at the moment. At the moment, people don't want to fund politics, and that's a real problem. It makes the Tories' job easier.

KEVIN MAGUIRE: Which is the one piece of anti-trade union legislation that you would most like to abolish?

ED BALLS: Personally, the idea that – I speak with some personal passion on this – the proper negotiating process between employer and the trade unions is being second-guessed in detail in the courts in the way we have seen in the last two or three years was never the intention of people who made the law in Parliament. That isn't the job of the judges. That is something which definitely should be looked at to get away from the courts second-guessing of Parliament's intention and the proper negotiating process. Having myself been the subject of some second-guessing by the judges a week ago, I feel that with some passion.

I am going to answer the question in the way I did a moment ago and the way I did in the leadership election last year. We would need to make sure that we have proper fairness in the workplace between employers and employees. That means proper respect for trade unions and their role, but also proper respect of trade unions towards their obligations in the bargaining process. I don't think the right thing for us to do, as a political party, in the first year of a Parliament, is to start getting into a public negotiation between us and the trade unions about what concessions you would like or what changes we should be offering. As I said, if I had come along in the leadership election and said, "Tell me what you want, I'll promise it and can I have your nomination", then I don't think you would have respected me and you would have been complete right not to do so. That's why I refuse to play that game. In the end, the trade union Movement has to decide which people do they think in government would do a better job standing up for working people, and which politicians do they think would have the strength and the toughness to stand up for what they believe, sometimes in the face of a hostile media. To start making that as a public trading game now would be deeply irresponsible, would undermine our credibility and I am not going to play that game.

SIS. J. BRADY (South Western): Ed, in order to kick start this country's manufacturing, commercial services and scientific sectors, would you support bringing forward a proper Robin Hood Financial Transaction Tax, initially at an EU level, and if not could you explain why?

ED BALLS: I would like there to be a Robin Hood Transaction Tax. (*Applause*) I think it would be a mistake to impose it at the national level. I have an open mind on a European level tax, but it is not without risks, but we should be seeking to do, as we were doing two years ago in the G20, which George Osborne has walked away from completely, is to try and get international agreements for such a tax. That was the G20 agenda. That is what he should be pushing forward.

I believe that the biggest thing which is going to damage investment in manufacturing, science and technology at the moment is what we are seeing in our own economy, George Osborne's spending decisions and the pace of these spending cuts and deficit reduction. That is the biggest issue now which we have to take on. For the long term, to have a stronger and more balanced economy, do I think there is a place for a Robin Hood Tax in that? Definitely.

KEVIN MAGUIRE: Let's us have another one of those gizmo things. I have been looking around at what newspapers people read, and I've not seen a single copy of the *Sun*. When did you last buy a copy of the *Sun*, Ed? (*Laughter*)

ED BALLS: I am the Shadow Chancellor. I don't spend any money on papers. I look at the internet and read the media brief.

KEVIN MAGUIRE: Don't you buy the *Morning Star*?

ED BALLS: If I am going to buy the papers, I buy all of them, of course. I buy all of the serious heavies, and that includes the *Morning Star*. The last time I bought the *Sun* was last Saturday after the appeal court ruling. I did buy all the papers that day, but I am not a regular buyer of any newspaper.

KEVIN MAGUIRE: Outrageous! You will put me out of a job.

ED BALLS: No. Obviously, I read the *Mirror* every day. Am I allowed to tell them my *Morning Star* story?

KEVIN MAGUIRE: Yes. We are all ears.

ED BALLS: In the leadership election last summer – we were talking about this earlier – after one of the leadership debates, I went to the Burston Rally, which is an education rally just on the Norfolk/Suffolk border. Diane Abbott and I were both speaking at it in the afternoon. Before me on the stage was Len McCluskey, who at the time was standing to be the general secretary of Unite. He hadn't won at that time. He was making this very impassioned speech. He was saying how terrible it was that George Osborne was going too far and too fast. He then said, "There is only one voice in this debate making the case for the alternative. Only one voice argued there is an alternative, a better and a fairer alternative." I stood and I thought, "I am about

to be endorsed for the Labour leadership by Len McCluskey”, and then he said, “There’s only one voice making the case for the alternative. Only the *Morning Star* is making the case for the alternative.” It’s the only time when I have ever been disappointed that it was the *Morning Star* rather than me.

KEVIN MAGUIRE: Who thinks that Ed Balls should buy the *Sun*? That’s the vote says the man from the *Mirror*.

ED BALLS: I think it is going to be a no. We are fairly confident on this one.

## Should Ed Balls buy the Sun newspaper?



Yes  6.8 %

No  93.2 %

KEVIN MAGUIRE: Yes: 6.8%. No: 93.2%. Right. I’ll see that 6.8% later. *(Laughter)*

ED BALLS: Why doesn’t one of the 6.8% come and explain why I should buy it? I would love to hear.

KEVIN MAGUIRE: I don’t want them to explain to you. I want them to explain it to *this* lot. There are always some. Next could we hear from Alex from Yorkshire.

SIS. A. BURTON-KEEBLE (Yorkshire & North Derbyshire): Ed, we have a number of motions highlighting the fact that over 13 years of new Labour they failed to build enough social and council housing. So I have two questions. What chance has this left me as a young person of getting a house? Secondly, do you agree that you have let people down? *(Applause)*

ED BALLS: In the speech I made when I talked about where we got things wrong and where we didn’t hear early enough voices from the trade unions and local government, one of the three examples I picked was housing. We got that wrong. There is no doubt about that in my mind. As a constituency MP I see every day in my surgeries people who have real problems with the housing shortages and the queues which people face. I also know how hard it is for people who are trying to save now to get their own house to buy rather than to rent. We didn’t get that right.

I will tell you exactly what happened, because I was there during this period. To go back to 1996-1997, the big debate in our country wasn't about the shortage of social housing and it wasn't about how difficult it was to get on the housing ladder. The big debate was about the terrible state of our social housing stock after almost 20 years of Conservative government. The figure was a £19 billion backlog of repairs to housing. John Prescott would make speech after speech about releasing the capital receipts to get decent housing. When we came into Government in 1997, we had a massive programme which has been transformative for social housing in my constituency with new roofs, decent kitchens and windows replaced. Loads of houses in 1997 didn't have central heating. They even didn't have inside bathrooms. We sorted that out. That was the right thing to try and do. In retrospect, by focusing on sorting out that massive backlog in repairs to homes, we got really behind the curve on building houses. The problem with housing is that once you realise you have got that wrong, it takes a long time to turn that situation round. From about 2002-2003 onwards, we were trying to catch up in private and social housing building. Did we go fast enough? No, probably not, but we were trying. It was a mistake made in the first Parliament, actually, to think that the only houses which were going to be built would be by housing associations, and the priority for public money was repairs and maintenance and that £19 billion backlog. It is one of those things where it is easy now to say, "You betrayed us. You got that wrong." There is some truth in that but there was a purpose for doing what we did. It was a mistake, but there was a reason. The truth is that we should have gone slower on that £19 billion backlog and built more houses. It is very easy to say, "Why didn't you just do both?" The fact is, at the same time, that we were trying to sort out school buildings and what was happening in the NHS as well. Do I look back and think, "We didn't get the balance right in housing"? Definitely.

**BRO. J. MCKENZIE (GMB Scotland):** We heard this morning that manufacturing is one way of helping us out of this economic mess. What is your strategy for increasing and developing UK manufacturing? What steps will you take to prevent new jobs emerging from the low carbon agenda from going abroad?

**ED BALLS:** Our long-term aim as a country has got to be to answer the question: where are the good jobs going to come from? How are we going to provide jobs in this economy for our young people? We need it to be more balanced in the future. We need more jobs in good service sector areas but also, in particular, in manufacturing and hi-tech manufacturing. If you are looking at those areas where we have got a real future, the selling of hi-tech manufacturing in green technology around the world has got to be a big priority for us. There are lots of ways in which we can try and turn that round. We were trying to turn that round in the last few years through the manufacturing centres of excellence, the R&D Tax Credit and the work of the RDAs. I feel that the Government is going backwards on some of those things, but the biggest thing – I will come back to this point again – that will make a difference is whether people feel confident in investing for the long term in Britain. We were being told a few months ago by George Osborne that, yes, these public sector cuts are hard and, yes, the public sector is going to really suffer, but it is okay because manufacturing is going to boom. He is it is going to do really well because the pound has come down and they are going to boost private sector job creation. What we have seen in the last couple of months is that manufacturing has been slowing down as



well, despite the lower pound, because unless you've got a strong economy with demand, people aren't confident to invest for the long term. This issue at the moment about what is happening to the economy and the fact that they are going to far and too fast isn't just about the public sector, but it's about the private sector, too. It is not just about services, but it is about manufacturing. If you can get that long-term perspective, get the economy moving – the fact that we are not in the Single Currency helps us – plus supporting the kind of technology that you are talking about, not picking winners in terms of individual companies but seeing where the sectors of the future are going to be in investing in them and supporting them, that has got to be the strategy. At the moment, that's got to be much harder because of the way the Government is doing it. I don't know whether you have any different view from Vince Cable. As far as I can see, Vince Cable's industrial policy is just to get government out of the way and hope that somehow the market by itself is going to deliver the new long-term investment, but that doesn't work.

KEVIN MAGUIRE: Thanks, Ed. I was going to ask if delegates could use their gizmos to ask whether you should stand a round of drinks, but I think I know the result.

ED BALLS: For everybody?

KEVIN MAGUIRE: Yes, for everybody. Did you hear him say that he is going to stand a round of drinks for everybody. (*Cheers and applause*)

ED BALLS: In order to rebuild our reputation for credibility and financial prudence, it is very important that I am an Iron Chancellor. If I came along and started saying, "I'll buy everybody a drink", then you'd have no respect for me. So I can't do that, even though I want to.

KEVIN MAGUIRE: Mind you, Vince Cable looked like he could have done with a stiff brandy. Bloody hell!

That brings us to the end of this Q&A session, you may be relieved to know. What I always love about the GMB is that you never pull your punches and you always say what you think. I think that is absolutely terrific. Ed, thank you for answering all the questions which you did. You have been better than Vince Cable. What better can I say than that? (*Applause*) I will now hand events back over to Mary.

ED BALLS: I am not sure about "better than Vince Cable." I think that is a bit of an insult.

THE PRESIDENT: Anyone can be better than Vince Cable. (*Laughter*)

I want to say thanks to Kevin and to Ed for accepting our invitation and taking the flak. He did expect it, I would have thought, from previous times. We are truly grateful for you coming, Ed, and to you, Kevin, for putting the questions. I don't buy the *Sun*, so I wasn't one of those 6.8%. I wouldn't put it in the loo, but I know a woman who would. On behalf of the GMB, please accept these glasses made by our members and the whisky to go with it. We'll buy you the drink. Kevin, thank you for being a good friend of the GMB. We do appreciate it.

ED BALLS: Thank you very much. (*Presentations made amidst applause*)

THE PRESIDENT: Congress, thank you for staying on. We still have a full house at this time. We are up to date with everything. There is one fringe tonight, which is *Stop Trafficking*. It is at 5.30 in the restaurant on the third floor.

Please remember that we start at 9.30 in the morning. Congress is adjourned. Have a good time tonight. Thank you.

*Congress adjourned*