



The Archbishop writes in today's Daily Mail that we need a fairer

I'm proud to live in a country that is the world's fifth largest economy. We have world-leading businesses characterised by extraordinary innovation, high productivity, strong exports, highly skilled jobs and good pay.

We have low unemployment, lower than for many decades. Economically, politically, and often morally, we remain a global power.

There is much of which we can be proud.

Yet despite these strengths, it is evident that for many people, the economy is not working. It no longer fulfils the promise of rising living standards.

For more than a decade, most people have seen no improvement in their pay, even while the economy as a whole has continued to grow.

As the Bank of England has shown, for nearly 40 years the share of our national income going into people's pay has been falling while the share going to profits has been on the rise.

Chronically low pay means that a hard day's work no longer keeps people out of poverty: today, a majority of the poor are working families.

It is particularly hard for young people, so many of whom are set to be poorer than their parents, unable to find secure work and with little prospect of getting on the housing ladder.

And meanwhile the divisions between the nations and regions of our country have grown larger.

In London, we have the wealthiest region in northern Europe; yet six of the ten poorest regions are also here in the UK.

I do not believe we can continue with an economy that works so badly for so many.

As a Christian I start with learning from Jesus Christ that people matter equally, are equally loved by God, and that justice in society matters deeply – a theme that runs throughout the Bible.

That's why over the past two years I've been a member of the IPPR Commission on Economic Justice.

My fellow commissioners come from all walks of life: from CEOs of major businesses to entrepreneurs shaping the new economy, from leading investors to prominent trade unionists.

The report the commission is publishing today comes to a simple but profound conclusion. If we are to get the economy working properly again, it needs reform.

This kind of change has happened twice before in the last century following periods of crisis both after 1945 with the Attlee Government and in

the 1980s with Mrs Thatcher.

At the heart of our report is a simple but profound truth. If we make the economy fairer for ordinary people, we will also make it stronger. When prosperity and justice go hand in hand, every part of society benefits.

That's why the Commission says we need to 'hard-wire' justice into the economy.

People need decent pay for a good standard of living – but also so they can afford to buy the goods and services that business creates. Raising pay will encourage firms into raising their productivity.

The Commission puts forward three key ideas: First, a boost to our manufacturing and exporting sectors. The commission proposes a strategy of 'new industrialisation' to build more world-leading firms and create better-paying jobs right across the country.

Second, it proposes an immediate increase in the minimum wage so that it becomes a real living wage. It would add around £30 a week to the pay packets of full-time minimum wage earners.

For companies that might find this difficult to afford while they raise their productivity, the commission proposes a reduction in national insurance.

It also proposes that people on zero-hours contracts should be paid 20 per cent above the new higher minimum wage to prevent employers shirking their responsibilities.

Third, trade unions need a stronger role in helping workers bargain on pay and conditions. In today's fragmented workforce, many low-paid workers are too insecure to ask for more pay.

The gig economy and zero hours contracts are ways of holding down costs. That can be good, but not when it leaves families needing to go to food banks to survive. In the food banks in which the Church of England participates more than 40 per cent of those who come are in work.

Countries like Germany and Sweden have strong trade unions that often work in close cooperation with employers recognising that it is in the interest of the country as a whole – and they also have higher pay and productivity.

Our companies and markets also need reform. Too many British businesses have become focused on short-term profits. The commission proposes changes to the way companies are governed so that they are focused on long-term success.

And we have let too many markets become uncompetitive, dominated by a small number of excessively powerful firms. This is particularly true in the digital economy, where a small number of giant companies lead. The commission proposes new ways of making markets more open and

competitive, where entrepreneurs can flourish in start-ups, and where the public interest is protected – from enabling innovation to protecting the free Press that is vital for our democracy.

Taxation will always be controversial. But it is also essential: it pays for things that we all need. Every family depends on decent schools, good hospitals, roads and public transport, as well as our remarkable armed services and the police that protect us. Businesses depend on these things too.

Today our society is rapidly ageing. Not only does this mean that more people need and deserve more health and social care in old age, it also means there are fewer working-age people to pay for these services. I welcome the honesty of the recent public acknowledgement that taxes are likely to have to rise to pay for the health and social care our society needs.

The commission believes we now need a new deal on tax, so that it promotes prosperity and justice at the same time.

It argues for reform of the way income tax is levied, so that taxes are cut for those on lower and middle incomes.

It also argues that we need to tax wealth more. Today the wealthiest 10 per cent of households own more than 900 times the wealth of the poorest 10 per cent, and five times more than the bottom half of all households combined.

It is an obvious injustice that income from work is taxed at a higher rate than income from capital gains or share dividends. The commission proposes that all income is taxed on the same basis, just as it was under Mrs Thatcher.

Finally, the commission proposes a level playing field for business taxation. It is fundamentally unfair that firms focused on the UK economy – especially small businesses – pay their business taxes responsibly while multinational firms create complex schemes to avoid paying what they owe. That's why it suggests a new form of corporation tax to close these loopholes.

The members of the IPPR Commission on Economic Justice are citizens, not politicians. We supported different sides in the Brexit debate. But all of us believe that our country needs fundamental economic reform for the sake of justice, no matter the shape of our future relationship with the EU.

Now is the time for the whole country – and all political parties – to come together around an agenda of economic reform. Making the economy fairer will benefit us all.

In the Gospel of Matthew, Jesus is recorded as giving one of the greatest challenges possible to his disciples just before his arrest and crucifixion when he describes the judgment of God at the end of time.

In that passage he explicitly says that judgment is linked to justice, namely, in the way in which we treat those who are most vulnerable and weakest. Out of that extraordinary passage comes the Christian call to work for the common good and for the welfare of everyone in our society.

*Archbishop Justin Welby is part of the IPPR Commission on Economic Justice, whose members include leading figures from business, civil society and trade unions. Read the Commission's report [here](#).*

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