

The UK needs effective trade unions geared to the needs...

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The FT [includes an article](#) on the personal debt crisis in the UK today. It makes clear the misery this creates. But it also makes clear that systemically we have little way of addressing this issue now. That is because in overall terms people in the UK can no longer meet their needs and save. This chart shows we are now net overall borrowers, and to a greater degree than other, equivalent, nations:

It is a pre-requisite of managing debt that there must, overall, be periods of net saving. Periods of rising income assist that. And these phenomena are not happening in the UK now, on average. The result is a rising debt problem as people borrow to make ends meet.

And that, the article makes clear, is what most of the borrowing is about. The era when personal debt crises were created by profligate spending has gone: this is now about simply inability to pay basic rent, utility and food costs.

So what is to be done? Of course Universal Credit has to end: it is known to be exacerbating this problem, by design.

But most of all, the UK needs a pay rise. At a time when profits continue to rise as a proportion of GDP, and stock markets continue to hover near record highs, what we have in this country is massive economic injustice. Millions of people are stuck in debt. Millions more have no margin for error when it comes to unforeseen but predictable crises. And that is happening in a wealthy country.

We can afford a pay rise. The minimum wage is still too low. Benefits are too mean. But neither solve the crisis for the middle income earner. For them the solution is systematic change. And if government will not act then they need to. The UK needs effective trade unions geared to the needs of the modern economy. I fear it has not got them. And that too is part of this problem.