

The RMT strike goes to the very heart of political econ...

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When it comes down to it this blog is all about political economy.

Political economy is related to economics, of course, but it is a much more useful field of study for two fundamental reasons. One is that it adds money into the normal field of study when most theoretical macroeconomics and quite a lot of microeconomics simply ignores it. Second, it does that because it realises that money is a symbol of power, and political economy is all about how power influences the allocation of resources in society, which is a subject that a great deal of economics (and almost all that which undergraduates will remember) ignores that vital issue.

Why mention this today? Because the RMT is leading strike action this week and sometime soon I suspect many more in the state sector, from teachers, to junior doctors, will join them in doing so.

The case of those RMT members who are striking is a relatively simple one. Their claim is that for over a decade they have systematically had their pay and conditions of employment eroded and they have had enough.

Market economists and Tory politicians would say they should just go and get another job in that case. But that's just naive because what it assumes is that there is no cost to transitioning between jobs for either employees or employers when that is very obviously not the case. As a result, what they also do is massively undervalue human capital. Much of Grant Shapps' rhetoric around this issue certainly suggests that he has no awareness at all of the importance of people within the railway industry.

However, for me there is a bigger issue at play here. Those on strike have effectively been public sector employees for a long time, despite privatisation. The fact that they are under-valued is not by chance. It is by design. And the design used was austerity, which among other things drive down rail subsidies from the government, which is what in turn forced down rail worker wages.

The bigger issue in that case is whether or not society in the UK now wishes to change

the balance of reward within our economy. We already know that we face the most fundamental economic changes because of climate change. This will challenge the allocation of many rewards within society, but that will also be happening within the context of a society that for decades has been moved from productive added value work to unproductive speculation, and from meeting need (housing, education, health and social care, transport, etc.) into the pointless and economically reckless production of artificial wants that only advertising can stimulate demand for (excess consumption, ever more complicated mobile phones and cars, most of whom features we never use but which we own to project our own perception of our status in society, etc) that in turn trash the environment.

The challenge from public sector workers is not to be condemned, as Grant Shapps says Labour should do. Instead, it should be treated as a sign that society has its values wrong and that we need to reappraise what is important.

We are a long way from having that debate. I could add it to the list of things Labour should be talking about.