

We need public sector pay rises to create an economy th...

Published: January 13, 2026, 5:18 pm

I posted [this thread on Twitter](#) this morning:

I wrote a thread yesterday, and some people have said I did not go far enough in explaining why paying public sector workers inflation-matching pay rises is the right thing to do. They're right, so let me explain the rest of it.....

[I've already explained that we can afford these pay rises](#). Now let me explain why we should make these pay rises (and more) because of the benefits that they deliver.

In what follows please accept my bias. That bias is to think that not a lot works in our economy unless our public services do. If you can find counterarguments feel free to promote them, but I will never believe you for the reasons I explain here.

Without education our children are denied their future. By oppressing teachers, classroom assistants, lecturers and others in the sector that is what we're doing now. We're taking away their hope, and our hope, and that is crazy.

Without good social care, most especially but far from entirely for the elderly, we take away the chance of a good retirement from many who need help to live with dignity whilst denying help to those who need support who need it.

Without good medical care we crush people with pain, anxiety and lives blighted by the uncertainty both create.

Without a properly funded tax system we allow the cheats, crooks, spivs and professional chancers to undermine honest businesses in this country. As a result the private sector has no chance to thrive, and we all lose as a result,

Without post and transport services the basic infrastructure of our economy fails. But it's worse than not just being able to get to work and deliver that work: we need public

transport systems to flourish if we are to have a green economy.

I could go on. My point is this though. The services where the government is intent on seeing real pay forced downwards are those on which we depend to make life work for most of us. The rich might think they can opt out. The rest of us can't.

And unless we invest in the people who above all else (tech included) supply these services they won't function. And then we face economic failure.

People know how hard home teaching is because of Covid.

They know they can't work, or at least work as well, when they're sick.

And without social care many families need someone to give up work to support relatives, at massive cost to them and their families.

And if transport and communications don't work we force people into their homes, or onto overcrowded roads, and everything grinds to a halt.

In other words, and to use the language of economists, the externalities resulting from not investing in the people who work in our public services are incredibly high in terms of the costs that they impose on society at large.

I have already shown that Rishi Sunak's claim that we cannot afford to pay the £28 billion that inflation-matching public sector pay would supposedly cost is a lie. It might cost nothing at all.

But the issue goes much further than that. We know that most public sector workers are much worse off than they should be in the UK because of deliberate austerity imposed on them by 12 years of Tory government.

We also know that during that period the big economic question has almost continually been 'why is the UK doing so much worse economically than our neighbours, even if we take Brexit into account?'

Let me suggest the answer, because like most things that are apparently baffling the answer is staring us in the face. That answer is that we've tried to run the economy whilst simultaneously seeking to destroy our public services, and that's economic madness.

For every pound the government might think it has saved with austerity it has piled several more on business, and most especially households. That's because they have had to bear the costs of the resulting inefficiencies.

And these inefficiencies are very real, and so much so that even the remaining public sector can't work effectively now because of them. Just look at the number of people in

hospital because there is no social care for them as the obvious example of that.

The simple fact is that the deliberate undermining of our public services has undermined our national economy and well-being. And if we want to improve either nothing will work until we invest in fully staffed, well paid and properly valued public services.

Sure, that means some people doing jobs delivering no value in the private sector (and lots of those jobs exist) will have to work for the state again. And it will require more taxes be paid.

But people working for the state do pay taxes (something that seems to continually surprise politicians), and they also create value (which the Tories always deny). And that additional value will also help pay for this.

But if we do pay a bit more tax isn't that worth it for hope for our children; help those who need care through infirmity, disability or sickness; having an honest society and one that both works and has a green future? I mean, what is the value of that?

What is more, business will simply work better, make more and pay more taxes if these things happen. That's the obvious result of having a trained, cared-for workforce that need not perpetually worry about the next crisis coming its way.

So, my message is a simple one. Of course politicians can say they can't afford to pay those in our public services, but what they really mean when they say that is that they don't understand those services and the value that they deliver.

I suggest if we have politicians who do not understand that value we have one thing we need to do, and that just to replace them with ones who do. The only problem is, right now they are in short supply. But one day we might get them, especially if we understand why we need them.

PS And for all those wishing to dismiss this as socialism (blah, blah, blah), I'm a chartered accountant who was senior partner of a firm and a director of several successful companies before becoming an academic and campaigner. I argue as I do because I am for a mixed economy that works for all.

PPS This follow-up thread seemed worthwhile as yesterday's went pretty well:

[×](#) **Tweet Analytics**

 **Richard Murphy** @RichardJMurphy · Dec 10

Rishi Sunak has claimed that to pay a 10% pay rise to all public sector employees will cost each household in the UK £1,000. This is what I call CRAP - which stands for a 'completely rubbish approximation' to the truth. Let me explain...a thread...

[Show this thread](#)