

We need industry wage boards

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One of the problems that exists within the economy at present is low pay. Far from their being a wage-price spiral, pay is dragging behind inflation in a way that is bound to create stagnation as people have less and less to spend.

*What this requires is collective action to address the issue. I wrote about this in my 2011 book *The Courageous State*, suggesting this:*

Industry wages boards

Collective bargaining is powerful: it has almost invariably improved the lot of those workers whose conditions are negotiated in this way, to their own benefit, and although many will only grudgingly admit it, to the long-term benefit of their employers as well.

There are, however, many situations where collective bargaining cannot be applied. This is, for example, the case when the place of employment is small or the workforce is widely dispersed. This happens in retailing, restaurants, agriculture, and many small businesses.

In these cases there has been too prevalent a tendency for business to offer the minimum wage as if it was the de facto basis for employment, whatever the skills a person has to offer and whatever their worth to the enterprise. That is wrong, and was recognised to be wrong in the past when industrial wages boards set minimum pay levels for particular skills in specified sectors to ensure that people would not be exploited whatever their particular employment circumstance.

The restoration of these boards with the task of setting minimum standards for pay and conditions of employment seems a basic necessity to ensure that all employees are properly rewarded without the difficulty and embarrassment of complicated negotiation having to take place in situations which inevitably favour the employer.

Of course such boards cannot provide an ideal solution for all employment situations, all skills and all environments but they can offer clear guidelines, empower employees and ensure that people can advance their claim for rightful reward against pre-established benchmarks which should make reaching fair agreement easier for all.