

## **We Need More Workers!**

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With what seems monotonous regularity, particular sectors of industry experience temporary shortages of skilled workers. In the past, there has usually been a much-vaunted strategy for fixing the problem in the longer-term.

For example, about 20 years ago, there was a shortage of certain skilled operatives in the construction industry. The government, then Labour under Prime Minister Tony Blair, advocated more training as well as investment by firms to increase the number of apprenticeships offered.

Anyone with a memory of 'Technical Colleges' will know they were once regarded by other countries, certainly in the 1960s and 1970s, as an exemplar of how to produce the next generation of workers. Unfortunately, the changes they've undergone has not enhanced their ability to respond to demand for workers. Further Education (FE), of which post-16 technical education is still a part, has, when compared to universities, been forced to operate on ever-shrinking resources (finance).

The reality, 'on the ground', is that skills problems still exist in construction. There are regular warnings of how great the problem will become without further action. In June the CITB (Construction Industry Training Board), warned that the industry would need "216,800 new workers by 2025 to meet demand" (i).

Why there should be continual shortages in any sector, including construction, is subject to intense debate. One reason advanced is the UK's departure from the EU. Many tens of thousands of workers from EU-member have left the UK reducing the 'pool' from which those with requisite skills may be recruited.

Back in the early 2000s, when construction was much in demand, construction companies could, as well as increasing rates of pay to attract workers, rely on a steady supply of operatives from the the EU who were willing to relocate to the UK. Importantly, as was their right, their families of such workers, if they wished, were free to come with them and live in this country.

The decision to vote to leave the EU, believed to be driven by many who believed non-UK citizens were "taking" their jobs and, in certain areas of the country, availing of services for their families such as housing, education and health, has resulted what is accepted to be a far more hostile environment to non-British workers.

Such hostility, combined with challenges posed by the pandemic, has resulted in many workers returning home creating skills crises in a number of sectors.

Significantly, the greatest problem faced by almost every sector at present is a shortage of truck drivers. This, according to the British Road Haulage Association (RHA) means that there are now 100,000 fewer truck drivers in the UK than before the pandemic when approximately 600,000 were employed.

Shoppers are already experiencing supply issues for certain products. As well as being inconvenient, this suggests a developing situation that is likely to get worse should more drivers not be available very soon. Indeed, many major retailers are concerned to warn we may experience shortages in products at Christmas.

Notably, hauliers and retailers, represented by Logistics UK and the British Retail Consortium (BRC), believe a simple solution to the current problem would be for the government to allow EU truck drivers to be attracted to work in the UK by higher rates of pay and the introduction of a temporary visa.

The efficacy of this solution is not shared by the government. Business Secretary, Kwasi Kwarteng, made clear his belief in a letter last Friday that such a visa would be only “a short-term, temporary solution” and instead, firms should invest in training British workers to become truck drivers (ii).

Cynics would suggest this is what was suggested by government in the early 2000s.

Thus, adamantly, the current government led by Boris Johnson, shows no willingness to compromise on this, or it would seem, any other issue caused by our departure from the EU. Johnson came to power in July 2019 eschewing any compromises contained in Theresa May’s withdrawal agreement intended to soften the impact on business of the UK’s departure and won the December 2019 general election stating he’d “get Brexit done”. Many question whether such intransigence will serve him well.

Should the shortages predicted result in spoiled Christmases for many people, potentially millions, there could be a price to be paid at the next general election.

However, as many commentators point out, short-term pain may create a dividend for those whose wages are increased as a consequence of greater bargaining power in the absence of EU workers. For instance, the Daily Mail carried a story suggesting lorry drivers employed by Waitrose are now earning more than “lawyers and architects as salaries soar above £53,000 amid national shortage” (iii).

As suggested earlier, the believed motivations of traditional Labour voters who voted to leave the EU and, particularly in so called ‘Red Wall’ seats, and voted for the Conservative Party in December 2019, was the pervading sense they’d been ‘left behind’ by remote decision-makers in Westminster too willing to allow those from elsewhere – the EU – to come and take their jobs and undermine standards of living.

Whether these voters will experience the uplift in wages many predict will be possible due to the lack of skilled workers in key sectors such as truck driving and, arguably, construction, will depend on many things. However, what seems obvious is that employers in sectors without workers with requisite skills and experience, are going to have to stump up more.

The irony of a Conservative government enhancing the pay of workers in a way that many believe Labour under Tony Blair did not, is not lost on some.

The Financial Times, no supporter of Brexit, in an editorial, ‘Britain’s labour shortages boost workers’ clout’, believe that this will be the consequence of “fewer migrants” (iv). Larry Elliott, the Guardian’s influential economics writer concurs and asks, “if labour shortages are driving up the wages of low-paid workers then what is wrong with that?” (v).

In many ways, therefore, it would seem that the government’s stratagem of engaging in a form of ‘splendid isolation’ by rejecting the call to allow EU truck drivers, not to mention care home staff and those who, at this time of year, would be employed to pick and process crops, may provide the dividends of Brexit so long as everyone holds their nerve.

However, with any ‘policy’ such as this, there are bound to be risks.

As the FT's Editorial Board stresses, where indigenous workers cannot be replaced by technology, the increase in rates of pay may underpin the government's "levelling up" agenda (iv). But as is pointed out, the consequence for all consumers will likely be increased bills as well as more money needing to be dedicated to FE colleges for training and education. As it concludes, "Before too long, these are trade-offs the government will need to explain to voters".

Liam Halligan, writing in the Telegraph warns of the impact of "Soaring inflation, spiralling public debt and stropy trade unions" which, he contends, may create a set of difficulties rivalling the notorious 1978/79 "winter of discontent" (vi). Halligan, like many others who question Johnson's desire to spend public money with a lack of fiscal responsibility, believes there may be an emerging issue of economic stability.

Halligan suggests that when compared to the Labour government in the late 70s under Jim Callaghan, widely criticised for budget deficits it accumulated, may, when compared to today's cabinet, seem like "paragons of virtue". As detailed in last week's blog, Chancellor Rishi Sunak is widely applauded by many in the Conservative Party for his alleged questioning of the long-term issues of debt accumulated which, it's estimated, because of increasing inflation, may cost the country an additional £12 billion to service (vii).

To say we are living in 'interesting times' is something of an understatement.

Over five years on from the referendum on continued membership of the EU and, having had two general elections, 2017's being narrowly lost by Labour under socialist leader Jeremy Corbyn, we're undoubtedly still in a post Brexit transition phase somewhat complicated by a global pandemic unknown until January 2020.

Strange things are happening and the impact of what we have experienced in the last 18 months or so will have profoundly affected some meaning they've re-evaluated their priorities.

If what we're currently experiencing were to result in the end of casualised as well as low-paid workers in this country, many who argued against Brexit, myself included, would accept that our departure from the EU, immediately followed by the pandemic, has produced benefits for British workers and be a positive development for the UK economy.

Sadly, though, the spectre of inflation and endemic inequality resulting in, according to the government itself, "More than one in six people in the UK are in relative low income before housing costs (BHC), rising to more than one in five once we account for housing costs (AHC)" (viii) are unlikely to make many people prospects better anytime soon.

One commentator, Kate Andrews, believes that should the government's "gamble", in having "cut off so much "low-skilled" migration after Brexit" does not succeed, we may collectively discover the price is steep (ix).

Past experience suggests we should remain cautious and stifle any optimism.

Dr. Steven McCabe is co-editor of Exploring the Green Economy, Issues, Challenge and Benefits published by Bite-Sized Books (ISBN-13 979-8532032347) on 5th July. His chapter 'AI Promised You a Miracle – Life Under 'Greased Piglet' Johnson', is included in Populism and the Media, published by Abramis Academic Publishing in June.

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