

**Pat McFadden MP speech to the Involvement & Participation Association (IPA)****January 2008**

CHECK AGAINST DELIVERY

I'm very pleased to be here at the IPA this evening.

The work you do in fostering involvement and participation at work is critical to the success of modern business and modern workplaces. And it is that theme that I want to talk about tonight. How the world of work has changed and even more importantly what future trends might mean for government and for people at work.

I spend a lot of time as Employment relations Minister talking about the world of work. There is always a demand for a new right, an extension of the law here or an amendment there. And it's true that any modern economy should ensure decency and dignity in work. But that process also leads me to reflect on what is the role for government here and how much the world of work has changed in recent times. More importantly, it leads me to ask about the future and what government's role is if we want people to make the most of their working lives in times to come.

The classic 19<sup>th</sup> century Marxist theory of the world at work was a battle between capital and labour, where the former survived by exploiting the latter. Marx' view was that the interests of the two were irrevocably opposed and that this system deprived workers of their humanity and their creativity.

One of the fundamental differences between the world of work that Marx saw and the one we have today is that far from denying labour its humanity and creativity, the success of today's companies is increasingly dependent on human creativity, and indeed that trend will intensify in the years to come. Any company which doesn't care what its staff think, doesn't tap into their ideas and does not innovate to meet new challenges and consumer demands is much less likely to succeed compared to one that does. And some of the most exciting companies are those which tap into this creativity and innovate constantly, based on the input of their staff.

This debate is of course made all the more urgent because of globalisation and the enormous changes this entails.

In the past few days the Prime Minister has been visiting China and India. And the theme of the visit has been the shift in economic power to Asia. Indeed, the Minister for Trade Lord Jones often says that if the 20<sup>th</sup> century was Europe's century, the 21<sup>st</sup> will be Asia's century.

We know the figures behind this phenomenon. Double digit economic growth. Huge demand for raw materials. Huge investment in new infrastructure. All driven by the collapse of political barriers and the technological revolution that makes trade and communications around the world much easier than it has been in the past.

Of course there have been waves of globalisation in the past. And, like before, it is possible that today's wave could be ruptured by geopolitical events. But at the moment that is not happening. It is proceeding apace. The balance of economic power is shifting. New giants are emerging. And as one of the world's great trading nations, our focus too is shifting so that we can make the most of the opportunities this represents.

The Prime Minister is right to be a globalisation optimist, to want Britain to seize the opportunities and deal honestly with the challenges.

Tonight I want to make a few points about what these changes mean for the world of work here in the UK and how they serve as a critical context for what we are doing in domestic policy.

First there is a need for government to ensure a labour market with rules, to ensure decency and to guard against the exploitation of people that still exists in the 21<sup>st</sup> century. We know that in a world of mobile capital and people, we won't compete with the wages in the lowest paying countries. We do not try to do so. We want flexibility. We want innovation. We want to see British companies leading the world in design, in technology, in seeing the changes to come and making the most of them. But we also know not every job is like that. There are and will be millions of people doing work which does not live up to that billing. They need government to ensure decency and dignity at work and that is what we have tried to do.

The first place to start is of course the minimum wage, now an established and almost uncontested feature of the labour market, an important measure of decency that has not destroyed jobs but has set a floor beneath which no one should fall.

At the same time we have today a new effort to make sure the minimum wage is better enforced, with more resources and staff behind that effort and changes in the law to ensure compliance. On Friday I was in Birmingham, with the Minimum Wage bus, route 552, which is touring the country advertising the rate and giving people the opportunity to report then and there if they are not receiving it. That effort is backed up by radio advertising, bus stop advertising, an online campaign and articles in newspapers read likely to be read by migrant workers, all with one clear message – that everyone, UK born or foreign worker as long as they are working legally – is entitled to the minimum wage.

On top of the advertising, we are changing the law to toughen up on enforcement. Better arrears for those underpaid and stiffer penalties for those who underpay because doing so not only exploits workers – it also undercuts the vast majority of legitimate businesses who play by the rules.

So, awareness, resources and legal change to take what is a good measure and turn it into a better one.

Then the right to paid annual leave, first at 20 days per year for full time workers, then from last October 24 and from April 2009, 28 days. This will benefit up to 6 million workers, for the most part not the best paid or the best organised, many of whom already enjoy the kind of paid leave we are talking about.

Thirdly, a better recognition of the value of family life. We have made a number of changes which recognise that parents need help with the twin responsibilities of family and work. It's not that parents want to have to choose between them. Just that they need help in coping with both. So, compared to a decade ago there is much better maternity pay and maternity leave, and of course paternity leave, used by politicians of all parties – even the ones who voted against it. Plus we have the right to request flexible working for parents of younger children and carers, with Imelda Walsh's review looking at extending that right to parents of older children.

I could go on but the point is this. The Government recognises that there is a role in ensuring decency in the workplace and helping families cope with the responsibilities of work. And I firmly believe that the changes we have made have helped make the workplace a better place for most people than it was a decade ago.

But having ensured these rights, we must let business and enterprise flourish. We must beware of erecting barriers between the insiders and the outsiders in the labour market. We want business to succeed but in hoping for that we know that some businesses will fail. And we have to support the process of risk taking and entrepreneurship involved in any successful economy. The flexibility that characterises Britain's economy relative to some others should not be cast aside. It is what enables us to cope with global events and it helps keep barriers to hiring people low, contributing to widening opportunity rather than leaving people shut outside.

And because of the importance of opportunity in today's world and of making sure that any country uses the talents of all its people there is a second critical area for Government which is to equip people to deal with change. In fact, a response to today's world that says equip the worker, don't protect the job is essential if countries are going to create the best chances for their people and for their economies.

Industries will rise and fall. Investment will flow to and from newly rising economic powers. And these changes can be profoundly difficult for the communities affected as they have been for my own constituency. But the right response is not to try to freeze the world, to erect barriers or to keep competition out. It is to equip our people to prosper in an age of rapid change.

Globalisation is uneven in its impact. In a world city like London, with its worldwide connections, its fast moving pace of change and its confidence in its role in the world and the development of its own story, you can sense the possibilities and the desire to make the most of them.

But that is not always true of every part of the country. In some places the loss of jobs leaves people reticent about the future and conscious of a more secure past.

It is because of this uneven impact that the need to equip people for change becomes all the more important. So from the early years, right through to the times

after formal education has ended, we have to give people the tools to succeed in today's world, to raise levels of ambition and expectation so that they gain both the hard skills in terms of qualifications and the soft skills in terms of social confidence and people skills that will open up opportunity for them in tomorrow's labour market.

In other words, the assumptions of yesterday and perhaps even of today about what will do in terms of education standards are not enough. They have to be re-examined and reassessed.

So when it comes to school reform, from academies to specialist schools and trusts, the question is not whether these changes go too far, it is whether they go far enough.

When it comes to training, we need to ask not just whether we are doing enough to help people do the job they have but whether it may help them if they have to change jobs in the future, as is far more likely than in the past.

Of course, all of this takes place against a backdrop of different kinds of jobs. More financial services, more staff in education and health, less in manufacturing, though a greater concentration at the higher end, more teamwork and a decline in the traditional nine to five day reflecting consumer demand for services outside the traditional office hours. All of these trends are impacting on the modern labour market. And they are all at the heart of the work the IPA does.

So, to conclude, I believe we are in a fast changing world where the government's role is to ensure decency and dignity while allowing creativity and enterprise. I think patterns of work are changing which require people to be better skilled and equipped than before. And I believe that for individuals and for countries, it is those who seize the opportunities rather than resist the changes who will succeed.

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