

# UK government spending review pledges job cuts and defence spending hike

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Last month, Chancellor of the Exchequer Gordon Brown announced some of the largest-ever job cuts within the civil service.

In his Comprehensive Spending Review statement covering the next three years, Brown announced that 104,000 civil service jobs are to be axed. The cuts include 84,150 administrative jobs across numerous government departments plus 20,000 jobs in the devolved administrations in Scotland and Wales and the Northern Ireland Office.

The job losses represent more than a fifth of the total of 465,700 civil servants employed in the UK. Government departments will see average job losses of 16 to 17 percent by 2008. The Work and Pensions department bears the brunt of the losses with up to 40,000 jobs set to go. Under the plans, the Inland Revenue and Customs and Excise are to increase job losses provisionally set at 14,000 to 16,000.

Brown also announced that legislation is to be implemented to relocate many of civil service jobs from London and the South East.

In addition, sickness absence is to be strictly monitored, with action taken against those deemed to be taking too much “self-certified” sickness leave, whereby employees diagnose themselves sick without the intervention of a doctor and usually return to work in 24 hours or so.

In a move that will undoubtedly set a precedent for all workers, Brown said, “the current arrangements for sickness leave across the civil service and public services are open to abuse” and would be curtailed. He promised measures in the autumn “on future management of public sector sickness absence” and “measures to help those signed off for the long term back into attendance at work.”

The attack by the Labour government on civil service workers and public sector workers in general represents an escalation of the policies of the previous Conservative governments, under which the number of civil servants fell from 746,000 to 480,000.

While the Tories carried out their cuts in the name of fighting “faceless mandarins” beholden to “bureaucracy and

“red tape,” Brown’s rationale for his cuts were those that could have been culled from the boardroom of any modern transnational corporation. “After a rigorous review of procurement, back office services, and work practices, Departments are today publishing new plans to implement efficiency agreements with the Treasury,” he said.

The “efficiency savings” being considered are wide-ranging. Brown announced that by 2008 there would be a fall in administration costs in the Department for Work and Pensions in real terms by 9 percent, in the Department of Trade and Industry by 15 percent, and in the Department of Health by 18 percent. Further cost-cutting plans are scheduled to result in procurement savings of £6 billion by 2008. Brown estimated that total savings under the spending review would amount to £21.5 billion a year by 2008.

A plan to sell off government assets and “rationalise their use of property and land and, where necessary, arrange sales and disposals” was also introduced by the Chancellor. Brown forecast additional revenue of £30 billion would result from such asset stripping.

Other less-publicised plans make clear the overall intent of the spending review. Brown framed his report as a response to the “the security gap identified by the prime minister and the government after September 11th.” He said, “For the first time, our spending review brings together all security costs and sets out the responsibilities our national security budgets must discharge.” He added that his over-riding priority was “firstly to meet the security and defence needs of the nation.”

National security spending is to rise from £950 million in 2001 to £1.5 billion in 2004, increasing to £2.1 billion by 2007-2008.

Brown also stressed that the Armed Forces budget would be significantly increased. “In the last spending review the Ministry of Defence and our Armed Forces—upon whom the defence of our country depends and to whom we owe, especially in this recent period, a debt of gratitude—was awarded the largest spending increase for 20 years.... In this spending review the increase is higher.”

The Ministry of Defence's budget will rise from £29.7 billion in 2004 to £33.4 billion by 2007-2008—an annual average real-term increase of 1.4 percent. Brown continued, "In addition, I will continue to meet the additional costs of military operations in full from the Reserve—and to meet the costs of Iraq and Afghanistan we have provided, to date, an additional £4.4 billion." And he promised that "to meet other pressures which may arise—aside from operations—in the future, we will provide the Ministry of Defence with guaranteed access to up to £300 million in 2007-08."

Brown pledged more spending on the police and a deepening of the government's anti-social law-and-order agenda under the guise of combating crime. Spending on law and order is to increase "substantially," he announced.

Civil service job cuts would "release resources from administration to invest in the front line," the chancellor stated.

It has been the stock-in-trade of the Blair government to claim that cuts in one or another area of the public sector are necessary in order to bolster funding for essential services such as education and health. But the cuts directly affect "front-line" services, including 1,960 posts cut in education, 720 in health and 700 in the transport sector.

The education department has been targeted to make £4 billion in savings annually by 2007-2008, supposedly to enable "professionals in schools, colleges and higher education institutions to use their time more productively to generate around 30 percent of the total efficiency gains." The health department is being required to make savings of £6.5 billion of economies over the same time, half of which are forecast to come from increasing staff productivity.

In real terms, public spending under the Labour government has fallen. Such was the fervour of the government to ensure that public spending was reined in that during its first two years in office it kept to the previous Conservative government's spending limits. In 1984, five years after Margaret Thatcher was elected, public spending as a percentage of GDP stood at 48 percent. By 1994, it had fallen to 43.2 percent, and today it stands at 41.2 percent.

Not surprisingly, the government's proposals were welcomed by big business. The Confederation of British Industry congratulated Brown for targeting public spending more effectively and for announcing a "radical and courageous" efficiency programme. Digby Jones, CBI director-general, said, "Mr. Brown has taken a big step in the right direction. Companies will breathe a sigh of relief that growth in public sector investment is not going to become profligate pre-election spending. Business applauds a radical and courageous efficiency plan that will involve implementing decisions that have been ducked for far too long."

But Jones warned that "Brown still has to face down vested interests in the trade unions and civil service" and that the government must "introduce a credible system for measuring efficiency transparently if business confidence is to be maintained."

The British Chambers of Commerce (BCC) also praised the spending review. BCC President Bill Midgley welcomed the job cuts and called for further rationalisations. "Employment growth in the public sector is running at unsustainable levels and today's announcement is a step towards bringing it under control," he said.

"Although the job cuts sound impressive, we must remember that overall public sector employment has risen by 509,000—or 10 percent—since 1998, and some 350,000 extra front line public sector jobs are expected over the next three years," Midgley complained.

For its part, the Trades Union Congress (TUC) issued a statement expressing "deep concern" at the job losses but refused to openly countenance any action to oppose them. Whilst opposing compulsory redundancies, the TUC advised the government to work with the unions "to deliver these key objectives and, through the Public Sector Forum, closely monitor the practical implications for services delivery and public access." In other words, the TUC intends to collaborate with the government to strangle any opposition to the cutbacks amongst public sector workers.



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