

# Britain: Right wing newspapers demand massive cuts in public spending

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Several right wing newspapers have launched a concerted campaign demanding that the jobs and benefits of workers employed in the public sector be slashed.

On November 24 the *Daily Mail* published an article headlined “Labour's decade of high employment was propped up by public sector jobs boom, claims study.”

“The study by the *Financial Times* found that two out of three jobs created since 1998 were in economic sectors dominated by public services,” the *Mail* reports, “raising fears that private sector firms may be less resilient to a recession than previously thought”.

Government statistics show that between 1998 and 2006, the number of workers employed in the public sector increased by 600,000, it continues. “But these figures from the Office for National Statistics exclude a range of professionals including family doctors, supply teachers and university lecturers, whose salaries are normally paid for by the state. The research suggests the true figure in the increase in public sector workers should be 900,000”.

The newspaper then claims that, according to the business consultancy group, the Centre for Economic and Business Research (CEBR), over the next six months 50,000 additional public sector workers would be employed as 300,000 private sector employees lose their jobs.

The CEBR's chief executive, Doug McWilliams, had told the *Daily Telegraph* that there should be an immediate cut in public sector employment. McWilliams said, “There is an issue of how the pain should be shared out. What is clear is that the public sector is insulated from the pain and is getting special privileges”.

McWilliams continued, “The Government should focus more on tax cuts to stimulate demand rather than on an expansion in the public sector”.

On December 1 the *Mail* escalated its campaign by publishing another article entitled, “Welcome to Soviet Britain: The Labour heartlands where figures reveal that half the population relies on the state for a job”.

Describing Labour as creating the equivalent of “Soviet boroughs”, where “around half the population depends on the state for work,” the *Mail* continues, “in ten areas more than 40 percent of the workforce is employed in the public sector”.

The CEBR is again wheeled out to explain that “1.3 million jobs were created in health, education and public administration from 1998 to 2006, helping mask the loss of 1.1 million manufacturing jobs”.

The campaign has sinister implications. The creation of jobs in the public sector is portrayed as little more than a confidence trick on the part of the Labour government that must now end. Yet by the time that Labour assumed office in 1997, large scale manufacturing industry in Britain had already been decimated under the previous Conservative government. Labour certainly did not arrest this decline and hundreds of thousands more manufacturing jobs being shed. It ruled out any nationalisations of failing industries and, by 2004, the Trades Union Congress (TUC) issued a report revealing that about 750,000 manufacturing jobs had been lost since Labour came to power. The TUC bemoaned the fact that governments in France, Germany, Italy and Spain, had all given more than double the level of state aid to industry as the UK.

The decimation of manufacturing industry was not concealed by increased public spending. In fact it went hand in hand with Labour's vast expansion of the financial sector. Today the weight of the financial sector in the British economy is far higher than anywhere else. By 2007 the banks accounted for about 15 percent of the UK's top 100 companies, with one in ten people in London working in the financial sector, one of the largest ratios in the world.

Over the past 10 years a total of 1.5 million manufacturing jobs have been lost, while between one million and 1.5 million “financial and business services” jobs have been created. Financial and business service jobs now account for about one in five jobs in the UK. This compares to the figure of about one in 10 in 1981. By 1999 new investment in the financial sector was already three or four times higher than in manufacturing and other industries.

According the Office of National Statistics in 2006, “Finance and business services made up almost a third (33.0 percent) of the UK economy in 2004 with gross value added of £344.5 billion”.

Naturally the *Mail* and the CEBR chooses not to focus on this crucial aspect of economic reorganisation that has taken place under successive Tory and Labour governments. Nor do they

point out that it was the onslaught on manufacturing industry and jobs that led to unemployment, poverty and other social ills in many former industrial areas, including many former Labour “heartlands” and forced the government to create jobs in the state sector.

These did not simply cut the unemployment figures. They were often employed in dealing with the social catastrophe created by Labour’s pro-business agenda and its love-affair with the financial speculators in particular.

The *Daily Mail* article is forced to concede that the number of workers employed in the state sector has mainly increased in those regions that have been most affected by the collapse of former manufacturing industries. Its article states, “The North East dominates the list, with Castle Morpeth’s neighbouring borough of Wansbeck second with 47.5 percent employed by the state and Durham third on 46.7 percent.

“The Government has based agencies and set up quangos such as One North East in the region to tackle unemployment caused by the decline of traditional industries such as coal mining”.

The leading “soviet borough” cited by the *Mail*, Castle Morpeth with 57.1 percent employment in the public sector, is described as “an echo of the Soviet system where everyone was employed by the state and therefore owed their loyalty to the communist party”

But the article is forced to concede that “the town is also the administrative centre of the borough council and Northumberland county council, which accounts for much of its state sector employment”.

The presence of “Oxford and Cambridge”, it also admits, is a reflection of the dominance of their universities. “The list is completed by Torfaen in South Wales, which has struggled to recover from the collapse of steel and coal mining industries, and Stafford”.

After such explanations are admitted, what is left of the *Mail*’s thesis of “soviet boroughs”?

In addition, though jobs in the state sector have increased since 1997, Labour has shed tens of thousands of jobs in vital public services such as the National Health Service and in the Department of Education.

In 2004/05 Labour commissioned the Gershon Efficiency Review of the public sector. The review identified £21.5 billion of “efficiency savings” that should be carried out. Much of this came in the form of thousands of job losses, wage freezes and cuts. Following the review the government announced plans to cut tens of thousands of jobs in the civil service.

Some 40,000 jobs were lost with the merger of the Inland Revenue and Customs and Excise, while another 4,000 were cut at the Department for Environment, Food and Rural Affairs, around 1,500 at the Department for Education and 1,000 at the Department of Trade and Industry.

Figures released by the Office for National Statistics revealed that in the final quarter of 2006, the number of workers

employed by the state had fallen by 22,000. A Treasury spokesman said, “The Government has already cut or reallocated around 55,000 posts and today’s ONS figures are fully consistent with that progress... The Government remains on track to deliver 84,000 job reductions by 2008”.

The campaign by the *Daily Mail*, *Daily Telegraph* and the *Financial Times* is meant to pressurise the government to step up its attacks on the public sector. As could be expected, it has already had the desired result. In reply to the CEBR’s research, the government declared that it would continue to slash the budget in this area. The *Daily Express* quoted a Treasury spokesman who said, “Contrary to this report the Government is reducing the overall number of civil servants along with major savings in government expenditure through increased efficiency. People are recruited on an ongoing basis but the overall number of civil servants has in fact fallen”.

But more and more is being demanded. On December 4, the *Mail* published an article entitled, “The speech the Queen SHOULD have made”. The Queen’s Speech lays out the legislative programme for the coming parliamentary session and was delivered on December 3. The *Mail*’s alternative Queen’s speech included:

- Scrapping employment tribunals, which have “become a mechanism for extorting money from employers [and] enriching the idle”.
- Reform of the public pension system “if the country is not to be crippled by the burden of paying for all my civil servants to enjoy a comfortable retirement.”
- Reversing the planned increase in the top rate of tax to 45 pence as “a tax on success.”
- Cutting “public spending in order to reduce the debt burden” and “taking an axe to the thousands of useless public sector jobs advertised every week.”

Labour will, of course, consider itself to have been placed on notice.



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