

Britain: Tories and Labour plan spending cuts of at least 10 percent

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The scale of the cuts in public spending being prepared by both the Labour government and the Conservative opposition was made clear in a series of interviews and parliamentary exchanges on Wednesday.

Interviewed by the BBC, Conservative Health spokesman Andrew Lansley set out his party's plans to make spending cuts of 10 percent.

He was being questioned as to how the Tories intend to marry earlier pledges to protect "priority" spending on health services with a declared intent to cut Britain's burgeoning debt levels-forecast to hit ?175 billion in 2009-10.

"Unfortunately what this means is that there is going to be very powerful spending constraints elsewhere across government," he responded. "That does mean over three years after 2011 a 10 percent reduction in departmental expenditure limits for other departments. It is a very tough spending requirement indeed."

Later Shadow Chancellor George Osborne reiterated that an incoming Conservative government would supposedly "increase resources" for the National Health Service, schools and international development, but this would mean "a 10 percent reduction in the departmental expenditure limits for other departments."

Lansley's comments were seized upon by the government. After Labour had recorded its worst results since 1910 in elections to the European Parliament on Sunday, Prime Minister Gordon Brown claimed that the choice facing the public was between "a government prepared to invest in the future and a Tory Party which is going to cut."

Conservative proposals would result in "massive" cuts to "vital" services, Brown said, claiming that in contrast Labour would increase spending in real terms.

Brown's assertions were quickly disproved, as the Tories pointed out that Labour was already planning significant spending cuts-amounting to at least seven percent in some areas.

In April, Chancellor Alistair Darling had set out plans to make ?15 billion worth of "efficiency savings", on top of the ?10 billion cuts previously announced, while cutting current spending plans by almost half, to just 0.7 percent.

The *Financial Times* described Darling's measures at the time as "set to produce one of the longest and sustained squeezes on departmental spending since the Second World War."

According to the BBC Economic Editor Stephanie Flanders, the governments own figures suggest that Labour also intends a 10 percent real cut in large areas of public spending.

The full import of the government's plans for the millions of working people who depend on the public sector for vital services and jobs were buried at the time beneath the furore created by Darling's proposal to raise the top rate of tax to 50 percent.

The increased tax rate affects just two percent of the population. Given the billions handed over to Britain's bankers, it was the least the government could do to reinforce appeals for collective "national sacrifice" in the face of the worst recession in 60 years. It was a step too far for big business and the press and was denounced furiously.

The main criticism of the Tories and their media backers is that the Brown government is resorting to "smoke and mirrors", rather than confronting Britons with the harsh choices that now lie ahead.

According to the Institute of Financial Studies, the UK faces "two parliaments of pain".

Virtually no mention is made of the cause of this

“pain” in the breakdown of the capitalist profit system and the unbridled speculation, corporate tax cuts and deregulation that benefited a tiny layer of the super-rich.

The government has allocated almost ?1 trillion in “aid” to the banking system, while former and current heads of many of the failed banks continue to draw massive salaries and pensions.

For the super-rich, any encroachment on their fabulous wealth is impermissible. Instead, the financial oligarchy is insisting that the establishment parties must utilise the global crisis in order to carry through a fundamental restructuring of the economy, targeting the living standards of working people.

The last months have seen ever more strident calls for a full frontal attack against the public sector, whose supposed “largesse” is now being blamed for the economic crisis.

In reality, an IFS study shows that, up to March 2008, public spending under Labour represented a lower share of national income than it did under the Conservatives in the early 1990s. During Labour’s first term in office, spending fell sharply to a 39 year low as a share of national income. While it subsequently increased slightly in areas such as health, it was still below that of many other European Union countries.

Even so, the media now routinely contrasts the conditions of public sector workers favourably with those in the private sector. Despite the low pay of many local government employees, their relatively favourable pension rights and working conditions are considered a luxury that the bourgeoisie will no longer tolerate.

That is why the media have welcomed Lansley’s cuts pledge.

Rupert Murdoch’s *Sun* newspaper congratulated the Tories for laying their spending cuts “on the table”.

“[W]here is the disgrace in making cuts? Who really believes some services **WON'T** need cutting to pay back the monstrous debts we are running up to beat recession?” it complained.

“Both parties will be forced to make substantial cuts after the next election, no matter who wins it”, it continued, arguing that the prime minister should stop “taking us all for fools.”

The *Telegraph* opined that the shadow health spokesman deserved “credit” for his honesty. Both parties were committed to large cuts, with the

difference being that “the Conservatives are trying to be straight with the electorate over public spending, while the Prime Minister is not.”

It complained that the Tories remained “hamstrung by their insistence on accepting the sacred cow status bestowed by Labour upon the NHS.”

Such complaints dovetailed with a statement from the NHS Confederation, which comprises most of the organisations-public and private-involved in health care, that “hard decisions” as to its future are required.

Predicting a ?15 billion shortfall in revenue for the NHS, chief executive Steve Barnett told a conference that it must “prepare itself for real-terms reductions” in jobs and services.

As part of the “marketisation” of the NHS over the last decade, top executives pay has increased exponentially with the number earning ?100,000 plus rising seven-fold since 1997. Even more financially damaging has been the government’s Private Finance Initiative scheme through which vast tranches of public monies have been handed over to the private sector for extremely lucrative building projects.

Neither of these were mentioned by Barnett in his demand for “scenario planning” for major cuts.

“In the NHS it's almost impossible to reconfigure or close a garden shed, let alone a service,” he complained. “All too often politicians at local or national level find it difficult to rubber-stamp these changes. It needs a bit more political bravery.”



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