British Labour government declares for spending cuts at Trades Union Congress

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The phoney war over public spending cuts ended this week. After months of claims that his government would defend the public sector against Conservative proposals for a massive scale-back, Prime Minister Gordon Brown finally revealed Labour's own plans for cuts.

That his admission was made during his speech to the annual conference of the Trades Union Congress (TUC) underscores the government's reliance on the trade union bureaucracy to enforce the destruction of jobs, working conditions and social provision in order to satisfy the demands of the financial oligarchy.

Brown's speech was made on the one-year anniversary of the failure of US investment bank Lehman Brothers, triggering the near collapse of the global financial system. Governments worldwide responded by organising bank bailouts and stimulus packages totalling $10 trillion, according to a BBC estimate. While these measures have fuelled a rally on international stock markets, working people are paying the price.

As the TUC met, official unemployment hit 2.47 million—its highest level in 14 years. Almost one million of the jobless are aged 16 to 24. In the same week, BAe Systems announced more than 1,000 job cuts at plants in Cheshire, Lancashire and Hampshire, and hundreds of jobs are now threatened at the former GM-owned plants in Ellesmere Port and Luton, following the sale of Opel to a Canadian and Russian consortium headed by Magna.

The opening day of the conference saw warnings by trade union leaders that the consequence of recession and spending cuts would be riots and social unrest. As they spoke, a series of regional postal strikes, which have caused the buildup of 20 million undelivered items, threatened to escalate into a national dispute, while all-out action by refuse workers in Leeds over planned pay cuts was seen as further evidence of growing unrest.

Against this backdrop, Brown attempted to soften his remarks with vague pledges to protect "frontline" services. He stressed, however, that "Labour will cut costs, cut inefficiencies, cut unnecessary programmes and cut lower priority budgets."

The main target of these supposed "efficiency" savings will be the wages and conditions of millions of public sector workers—as exemplified in Brown's pledge to cut civil service pensions.

While the media expressed satisfaction that the government had finally broken its silence, they complained that Brown had not been forthright enough in spelling out just what was in store.

The *Financial Times* opined that "Brown chose the path of least resistance," and complained, "The cuts he mentioned are so vague as to be meaningless."

The prime minister's platitudes were welcomed by the trade union leaders. TUC General Secretary Brendan Barber claimed, "The prime minister understands that deep cuts would choke off what is still a precarious recovery and would threaten a deeper recession that could repeat the social divisions of the 1980s." He added, "The dividing lines for the next election got that bit clearer today."

Derek Simpson of the public sector union Unite said, "Gordon's put clear water between Labour and the Tories by focusing on jobs, homes, equality and fairness at work," while Paul Kenny, leader of the GMB, said, "A clear choice is emerging for the British public" between Conservative and Labour spending plans for the next general election.

Such claims are bogus. There are no essential differences between any of the official parties. All supported the fiscal stimulus package—not because it aided working people, but because it gave a massive subvention to the financial elite in the City of London.

A study by the *Guardian* showed, "Just five years ago, the top 10 directors in Britain earned less than half what

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they did last year—despite the worst financial crash in living memory in between." During a time when the stock market lost a third of its value, the earnings of the ten best paid executives rose from a combined £140 million in 2007 to £170 million last year.

The newspaper added, "Aside from pushing up their basic pay to compensate for shrinking bonuses, the modern executives rely on an ever more elaborate system of perks to keep them one step ahead of their peers," worth up to 40 percent of basic pay, or an average of £80,000 per chief executive.

According to a BBC estimate, which is based on International Monetary Fund data given to the G20 finance ministers, the UK spent 94 percent of its gross domestic product on the bank bailout, equating to £30,000 per person. The ruling elite agree this must be recouped from the jobs, wages and social conditions of the working class.

The Conservatives have set out their intention to do this through "radical monetary activism" based on cuts in corporation tax, the privatisation of education and "welfare reform."

With Labour plummeting in the polls, the government has sought to conceal its own intentions. But a letter leaked from the Treasury earlier in the week showed that spending cuts of almost 10 percent have already been pencilled in to begin in 2010.

Writing in the *Guardian*, Simon Jenkins reported that already "two-thirds of public services that are delivered through local authorities have been slashed by a rough average of 10 percent a year over the last three years."

With one in four workers employed in the state sector, "it is hopeless to prioritise cuts by differential popularity."

The "coming year will have to produce something swift, clinical and big," he continued, arguing, "The government should lop 5 percent off every budget and every public salary for a year, no exceptions and no argument."

Easier said than done, as Philip Stephens in the *Financial Times* remarked. "Surely, I have heard senior Conservatives say, it must be possible to trim £10bn or so from a £170bn budget without the roof falling in," he reported. "Now reframe the question: how easy is it to pick the pockets of 10m people for £1,000 a year without quite a lot of them getting angry?"

It is the anticipated explosion of social anger that led Brown to meet with trade union leaders before the TUC conference began.

Such a meeting is "an evocatively 1970s idea," the *Times* of London commented. The newspaper went on to say, however, that far from presaging a return to old-style Labourism, the "abiding importance of this meeting, if any, will be what happens should Labour lose the next general election and the role that will be required of the trade unions."

Noting that "in point of historical fact" the trade unions have been "the repository of good sense… against a militant rank and file," Rupert Murdoch's *Times* called on Britain's trade unions to once again step up to the mark.

Murdoch will not have been disappointed. The measure of Britain's unions was given by their response to British Airways' announcement that it is seeking to axe 2,000 full-time jobs and lay off all temporary workers by the end of the month. A BA spokesman said that the company had "agreed with the trade union not to make any further public comment" at this time.

Similarly, for all the earlier threats, there was no protest against Brown within the conference hall. There were a few placards and the threat of legal action over the proposed attack on civil servants from the head of the Public and Commercial Service union, combined with talk of possible industrial action, but that was all.

The TUC made clear its intention when it rejected a motion from the Communication Workers Union (CWU) calling for a review of the trade unions' affiliation to the Labour Party.

Moving the motion, Tony Kearns, CWU assistant general secretary, made clear that it was motivated by concern that widespread disgust with the Labour Party threatened the party's collapse. The motion, he urged, "will allow those of us in the Labour party to promote our concerns in a Labour manifesto."

Barber responded that the TUC could not accept any moves towards a new political party. A separate motion calling for a "People's Charter," based on a manifesto for "a fairer society," was also rejected.

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