

# UK government spending cuts threaten over 700,000 jobs

Jordan Shilton  
14 June 2010

Just days after the Conservative-Liberal coalition government outlined its plans to slash public spending, a report has estimated that this could push up unemployment in Britain to 3 million, more than 10 percent of the workforce.

The Chartered Institute of Personnel and Development (CIPD) predicts that over 725,000 jobs in the public sector will be in danger from the coming cuts, 12 percent of the 6 million public sector workers across Britain. Unemployment, currently standing at 2.5 million, will rise to 3 million by 2012 and remain at this level until the end of the parliament in 2015.

The CIPD said that the focus on spending cuts rather than tax hikes would exacerbate the jobs crisis. Chancellor George Osborne intends to reduce the fiscal deficit by making close to 80 percent of “savings” through spending cuts, with only 20 percent coming from tax hikes. To this end, Osborne will announce swingeing cuts in the emergency budget set for June 22.

This will result in the elimination of 50,000 jobs this year, according to the report. In all, the CIPD anticipates the loss of 175,000 jobs in managerial and administrative areas within the National Health Service (NHS), 200,000 in the civil service and education, and 350,000 council posts. John Philpott, the CIPD’s chief economist made it clear that it would be the poorest in society who would suffer the greatest pain, saying, “The prospects for the most disadvantaged seem particularly bleak”.

Before the election, the Conservatives claimed that savings could be made by cutting costly IT projects and consultants while protecting frontline services. Immediately on entering office, Prime Minister David Cameron cut £6.25 billion from public expenditure, which he claimed could be managed merely by doing

away with “wastage”.

But such claims were entirely false. They were part of a much broader campaign by all the major parties during the election to conceal the full impact of the measures to come from the population.

On Friday, the real nature of the £6.25 billion became clear. Local authorities would lose £1.16 billion this year, while regulatory organisations such as the Equalities and Human Rights Commission would face a 15 percent cut. The Food Standards Agency, established in the wake of numerous food safety scandals in the 1980s and 90s, looks set to disappear altogether.

When the extent of the budget cuts become clear on June 22, the prospects for those regions, the north of England, south Wales, Scotland and Northern Ireland, which depend to a greater extent on the public sector for employment, will be especially grim. This led Brendan Barber, the general secretary of the TUC, to claim that government policy would create an even worse “north-south divide”.

In comments to the *Guardian*, Barber warned that if imposed too harshly, the cuts “could lead to...very broad-based campaigns not just about the impact on the jobs and living standards of those that deliver public services”, a clear warning to the ruling elite that the coming measures will increasingly provoke social struggles.

According to the *Independent*, the so-called “star chamber” of civil servants and ministers, unveiled by Osborne last Tuesday, will oversee spending cuts of up to £60 billion per year—a figure that approaches 10 percent of current public spending.

Reducing budgets by such levels will be catastrophic for hundreds of thousands of workers, including those outside the public sector. There are an estimated 1.7

million workers contracted by various public services, carrying out such tasks as refuse collection, cleaning, managing leisure facilities and providing school meals. The transport sector, particularly the national rail service and many local bus operations, is also heavily reliant on subsidies from government.

The removal of government support will mean that many of these workers will be laid off as contracts are reduced or cut altogether and subsidies done away with. Already this year, the government has committed itself to cutting £1.7 billion by renegotiating contracts with suppliers and other organisations.

The knock-on effect of these cuts will also be felt in the private sector, where many firms depend upon business with public authorities. This means a very real threat of much higher unemployment.

Workers who find themselves out of a job will face a much reduced welfare system. The government intends to save £4 billion annually by freezing current levels of benefit, and much more is planned. It has decided to include benefits and tax credits within its spending review, meaning that the already meagre levels of social support to the most vulnerable in society will be slashed.

Particular consideration is being given to child benefit, benefits for the disabled and unemployed. Although the government may decide to means test some benefits in order to cut eligibility, it may also opt to cut benefit levels across the board.

In his speech on Monday, Cameron focused his criticism on the Department for Work and Pensions, which manages the benefits system, claiming that the overall cost of welfare had risen by £20 billion. Osborne, announcing the spending review on Tuesday, warned that budgets for welfare benefits and tax credits would be cut by between 15 and 20 percent during the life of the current parliament.

In its drive to cut spending on public services and welfare, the government has received the backing of the Confederation of British Industry (CBI), which called for the chancellor to announce even sharper cuts than currently being considered in order to avoid tax hikes.

The CBI argued in a statement Thursday, “The business group welcomes the action taken so far by the government to tackle the deficit and urges it to use the budget to reinforce the UK’s fiscal credibility by announcing a faster reduction in the structural deficit,

based on more rigorous economic assumptions and backed by more detail on spending plans”.

The Adam Smith Institute, a right-wing think tank, concurred, advocating the removal of the budget deficit within five years. Along with spending cuts, it called for a new privatisation drive, with possible targets being the London Underground, Scottish water companies and Royal Mail.

The newly created Office for Budget Responsibility (OBR), formed to provide “independent” forecasts on Britain’s economy and advice on spending decisions, will release its borrowing and growth forecasts on Monday. It is almost certain to downgrade Britain’s economic prospects for 2011 and beyond, with speculation that the current estimate of 3.2 percent growth in GDP will be cut to around 2 percent, increasing relative size of Britain’s debt.

Headed by people with close links to the City of London, the OBR’s much-vaunted independence is its complete insulation from any democratic control. As such, it is in a position to push for measures that are widely unpopular. This underscores the fraudulent character of the government’s claims that there will be widespread public “consultation” on the coming austerity programme.

Following similar programmes across Europe, including the announcement this week of cuts of 80 billion euros in Germany, the Cameron government is fully committed to making working people pay for an economic crisis for which they are not responsible.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**