

British prime minister outlines drastic cuts in public spending

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In a speech delivered at the Open University Monday, Conservative Prime Minister David Cameron called for drastic cuts in public spending to tackle Britain's budget deficit. On Tuesday, George Osborne, the Chancellor of the Exchequer, released the framework for a fundamental review of public spending to be published in the autumn.

Cameron said Britain faced a total debt of more than £700 billion, a figure that was set to double by 2014. The budget deficit for this year will be more than 11 percent of gross domestic product, similar to that of Greece.

Cameron went on to paint a picture of Britain's fiscal position, which was far worse than had been admitted during the election campaign. He noted within the next five years, interest payments on state debt would rise from £40 billion to £70 billion, more than is currently spent on schools in England, climate change and transport.

With an emergency budget set for June 22 and the spending review due later this year, Cameron refused to give details on where spending cuts would fall. Nevertheless, he made clear it would be the poorest sections of society who would bear the worst burdens to come, with big cuts in welfare, pensions and public services. He refused to rule out means testing for child benefits.

He strongly criticised the Department of Work and Pensions, which he claimed had increased welfare benefit payments by £20 billion. He targeted the National Health Service for employing twice as many "managers" and the Treasury for allowing public spending to rise.

Cameron did not say a word about the hundreds of

billions spent on propping up the banking system since 2008, the source of much of the debt. Nor did he mention the billions being spent on the occupation of Afghanistan, to which the majority of the British people are opposed.

Instead he blamed Labour's "public spending splurge", adding that any unpopular measures now forced upon him were the fault of the previous government. He said, "I think people understand by now that the debt crisis is the legacy of the last government. But exactly the same applies to the action we will need to take to deal with it. If there are cuts—they are part of that legacy."

Cameron's attempt to portray Labour as a party, which spent excessive amounts on welfare and the public sector, is part of his determination to make working people the scapegoats for the current crisis. He repeatedly claimed Britain had been living "beyond its means", and insisted people would have to come to terms with the fact that the measures being prepared would change "our whole way of life" for "decades to come".

In reality, under the Labour government, social inequality grew sharply with one of the largest transfers of wealth to the financial elite in British history. But Cameron cannot say this because his government is preparing to push through even greater attacks on working people to further enrich the plutocracy.

Cameron's coalition partners, the Liberal Democrats, will play a key role in the process. Danny Alexander is second in command to the chancellor, while Vince Cable is the business secretary.

Nick Clegg, the Liberal Democrat leader, gave his party's full support to the cuts in an interview Sunday with the *Observer*. While Clegg made rhetorical attacks during the election campaign on Conservative plans for

immediate spending cuts, he now says he has changed his mind.

He said he had been influenced by events in Greece and by what Mervin King, the governor of the Bank of England had told him. “He (King) couldn’t have been more emphatic. He said: ‘If you don’t do this, then because of the deterioration of market conditions it will be even more painful to do it later’ ”, Clegg said.

In comments, which say much more about the pro-capitalist agenda of social democracy internationally than anything else, Clegg declared that if one looked across the globe, the biggest drives to cut government spending in the 1990s “were all delivered by centre-left governments”. Seeking to appeal to what he called the “centre-left” and “progressives”, he claimed, “We’re going to do this differently. We’re not going to do it the way we did in the 80s.”

But all signs are that Cameron’s cuts will be far worse than in the 1980s. Indeed, his invitation to former Prime Minister Margaret Thatcher, whose name is synonymous with public spending cuts, to visit Downing Street on Tuesday spoke volumes about his intentions.

The June 22 emergency budget will spell out the £6.2 billion cuts already announced for this year. But this is not even the tip of the iceberg. As a Treasury spokesman told the *Daily Telegraph*, “Anyone who thinks the spending review is just about saving money is missing the point. This is a once-in-a-generation opportunity to transform the way that government works.”

Osborne announced that he was setting up a “star chamber” made up of “the best and the brightest civil servants” to interrogate all ministers about the services their departments provide. Ministers who were willing to make cuts would be given a seat on the committee to examine their colleagues’ proposals.

The review would also restructure entire sections of government. All departments would have to consider whether their services could be provided more “efficiently” by the private or voluntary sector, thus opening the way for the privatisation of whole areas of public services. A “brains trust” of outside experts and civil servants headed by former BP chief executive Lord Browne would help draw up plans.

Osborne promised that there would be widespread “consultation” with think tanks, voluntary groups, trade

unions and civil servants, and said the “public” will be asked their opinion about where the axe should fall. While the collaboration of the trade unions is no doubt assured, the pretensions about “democratic participation” is a complete fraud to cover the coalition’s assault on public services, jobs and welfare. Off-limit will be the defence budget, the bank bailout and the massive interest payments to the same criminal organisations that sank the world’s financial system.

Despite the scale of the cuts, the international financial institutions have called for even more decisive action.

Fitch, the credit ratings firm, warned that the UK faced a “formidable” challenge to repair its battered public finances and noted that the UK’s ratio of debt to GDP had risen faster than any other AAA-rated country since 2008. This was a signal that Fitch was considering downgrading the UK’s debt rating. Standard & Poor’s said, “Much, much more needs to be done, considering that the deficit is in excess of £150 billion”.

A *Financial Times* editorial, after noting that the cuts would be “more savage than anything even contemplated by the Thatcher government”, concluded that the implementation of such measures would necessitate “smart salesmanship today and Churchillian resolve tomorrow.”

The ruling elite is clear that as class tensions escalate, they will need more a far more authoritarian government, which can use all means necessary to impose austerity measures in the face of public opposition.



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