Spending cuts in British government departments may top 40 percent

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The new Conservative-Liberal Democrat coalition in Britain is planning deeper cuts in public spending than previously suggested. Leaks to the press revealed that the chief secretary to the Treasury, Danny Alexander, has given government departments three weeks' notice to submit plans of how they would cut their budgets by up to 40 percent over four years.

This is a staggering increase on the cuts already tabled in the government's May Emergency Budget, in which spending cuts of 25 percent were announced across departments. The cuts, already the most severe since the Second World War, will devastate the lives of tens of millions of people.

The leaks revealed that the Home Office, the Department for Work and Pensions and the Department for Transport were asked to submit plans cutting 25 percent at the lower end and 40 percent at the upper. The education and defence departments have been asked to show plans for cuts at 10 percent at the lower end and 20 percent at the upper. It is a measure of the scale of austerity being imposed by the government and the general support for this onslaught in the media that the *Guardian* reported this meant that education and defence would "escape lightly."

Under the latest plans, only the health and international development departments have not been asked to impose cuts. But cuts will be made in the guise of "efficiency savings". The *Independent* reported that of a total health budget of some £100 billon, "potential cuts" of £15-£20 billion could be made. These include a £2 billion saving from the public sector pay freeze now in place and more treatment to be provided by GPs, not hospitals.

In addition to these demands to slash spending, all government departments have been told to cut day-to-day costs by 33 percent at the lower end and 50 percent at the higher end.

The government has issued the instructions ahead of the October 20 comprehensive spending review, when final budgetary settlements will be announced for each department. The *Independent* commented, "Cuts on that scale would exceed anything ever done by a democracy and result in hundreds of thousands of public employees losing their jobs and a severe drop in the quality of public services."

The *Sun,* a fervent supporter of the government's austerity programme, said of the latest announcement, "The astonishing scale of the target figure would mean the biggest public spending cuts of any nation in modern times."

Responding to the leaks, which it probably initiated, the government did not deny that it had authorised plans to slash spending by 40 percent but said this was essentially a "worst case scenario". The cuts would be lower, but still significantly larger than those originally announced in the May budget. On Sunday, Transport Secretary Philip Hammond told the BBC, "What we are not going to do is just slice 25 percent off every department. We will look at the menu of options for each department. I don't expect any departments will see a 40 percent cut, but some departments may see cuts a bit higher than 25 percent."

The *Independent* commented on the possible political calculations involved: "So long as the figure of 40 per cent sticks in people's minds, when they learn that the worst-affected departments are having to cut their budgets by 30 per cent or more, it will sound as if they have been spared the worst."

Following the weekend leak, the government detailed further cuts on Monday. Alexander announced cuts to be implemented this year totalling £1.5 billion, with £1 billion of this from the Department of Education budget. Also cut further is the Department of Business, Innovation and Skills (£265 million), Communities and Local Government (£220 million) and the Home Office (£55 million).

Also included in the cuts is the £55 billion Building Schools for the Future programme, launched by the Labour government in 2004. Under the plan, all 3,500 secondary schools in England were to be rebuilt or upgraded by 2023. Some 715 school rebuilding projects have now been cancelled.

The ending of the schools rebuilding programme is part of the government's "zero-based" capital spending agenda, in which money will only be made available to programmes of direct economic benefit. Chancellor George Osborne stated in his budget speech that as a result, public sector investment would fall dramatically from £69 billion last year to £46 billion in 2014-2015.

As a result of the austerity measures, more than 1 million jobs are set to be lost across the public and private sectors. According to a private Treasury document assessing the spending cuts, up to 500,000 and 600,000 jobs are to go in the public sector and between 600,000 and 700,000 in the private by 2015. A *Guardian* report stated that part of the Treasury breakdown read, "100-120,000 public sector jobs and 120-140,000 private sector jobs assumed to be lost per annum for five years through cuts."

Even these job losses are at the lower end of the scale. Research compiled by Richard Murphy for Tax Research UK concluded that 1,656,000 job losses across both sectors can be expected. He said, "The evidence seems clear yet again that these cuts will produce job losses of more than 1,500,000—and maybe a figure much higher than that."