

British prime minister says austerity cuts are permanent

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Prime Minister David Cameron stressed last week that the austerity measures being imposed by the Conservative/Liberal Democrats coalition government are in place permanently and will not be reversed.

Government departments, with the exception of health and international development, have been instructed to present proposals for cuts of between 25 and 40 percent ahead of the Comprehensive Spending Review to be announced on October 20. The National Health Service has been instructed to find billions of pounds of cuts in the form of “efficiency savings” on top of a £6 billion package of cuts that were announced when the coalition came into office.

In the emergency June budget, Chancellor George Osborne set out plans to entirely eliminate the UK’s record £155 billion deficit within the five-year lifetime of this parliament.

In a question and answer session held in Birmingham on August 3, Cameron fielded questions from a selected audience on the government’s policies. The event was the first of three such public events to be held this month.

Despite government propaganda that these events are being held to involve the public in a discussion, it is clear their real objective is to provide a forum for the coalition to defend its reactionary agenda and outline further austerity measures.

Cameron was asked by a female fire-fighter in the audience to give his assurances that once the economic crisis was over, the spending cuts would be reversed.

She detailed that “sweeping cuts” had been implemented in her local fire service since 2003. The result, she went on, was a marked increase in the deaths of fire fighters, and an increase in deaths as a result of fire. She pointed out that further cuts now would also result in even more fire engines being taken away from the service.

She then asked the prime minister, “Will you give me a pledge today that when these austere times are over, and you have the money back in the bank or you’re balancing your books, that you will look at anything that is cut during this period and go back and get those fire engines back in the places they are needed to support the public?”

Cameron said in reply, “The direct answer to your question, should we cut things now and go back later and try and restore them later, I think we should be trying to avoid that approach...people should open their minds and find new ways of doing more for less. We’re going to have to change the way we work”.

He stressed that the priority of the government would not be to make smaller scale cuts across a number of departments but was instead to prioritise big cuts in the areas of social spending including welfare, pensions and public sector pay. Citing the UK’s massive levels of public debt, Cameron said there was no alternative to austerity, declaring, “We are living beyond our means and [must] tackle it”.

Cameron naturally never deigned to mention that the budget deficit is due to the £1 trillion in loans and “stimulus” packages given to the banks to bail out the super-rich and the City of London. Whenever the coalition government speaks about the deficit it is to attack supposedly “profligate” spending in the past, and/or a public sector living beyond its means.

The prime minister ensured that the event did not pass without taking the opportunity to outline a further attack on the social rights of working people.

A mother of two teenagers explained that she had slept on a blow-up bed for two years because her local council was not able to find her a bigger house. In response, Cameron argued that the solution to her plight was to introduce measures that would force tenants out of their council and housing association homes after a set period of “leasing” had ended, in order to “free up” more housing space.

“Not everyone will support this and there will be quite a big argument”, Cameron acknowledged, before adding, “There is a question mark about whether, in future, we should be asking when you are given a council home, is it for a fixed period? Because maybe in five or ten years you will be doing a different job and be better paid and you won’t need that home, you will be able to go into the private sector”.

The prime minister did not hide his contempt at the existing system in which mainly poorer people can live in, albeit usually basic, publicly-provided accommodation. “At the moment we have a system very much where, if you get a council house or an affordable house, it is yours forever, and in some cases people actually hand them down to their children”, he said.

The government’s proposals are not simply a further restriction of the right to local authority housing but lay the basis for the eventual ending of all social housing provision.

Cameron’s response came the day before the release of a government “consultation paper”, which said it would be within the powers of local councils to implement, new short-term tenures. It also advocated local authorities carrying out reviews of tenancies to see if the council tenant required the size of property they lived in or had sufficient income to move to private sector housing.

These proposals follow the attacks on Housing Benefit (HB) payments outlined in the budget, which drastically cut the amount of money available to the poorest in society able to claim it. According to a Trades Union Congress report, 936,960 households across the UK will each lose around £12 a week (£624 a year) in HB payments. In London, families in receipt of HB payments will be the hardest hit with some 159,370 families facing HB cuts of £22 a week—a loss of £1,144 a year.

The government’s attack on the right to social housing is being introduced when there is already a massive shortage of available social housing, with 4.5 million people currently on housing waiting lists. Under successive Conservative and Labour Party governments virtually no new council housing has been built over the past three decades. In 2008 just 375 council houses were built nationally. Just 22 council houses were built in Britain’s second largest city, Birmingham, which is populated by more than one million people.

The vast majority of houses built today are by the private sector. According to estimates, for the first time since 1923 fewer than 100,000 new homes will be built next year.

Responding to Cameron’s proposals, the National Housing Federation reported that his policies would add a further 350,000 people to the national waiting lists.

The latest pronouncements of the coalition government confirm that the ruling elite has seized on the economic crisis as an opportunity to drastically and permanently restructure social relations at the expense of the working class. What is taking place is the tearing up of whatever remains of gains won by working people in an earlier period, including the right to social housing, education, health care and a pension.

Announcements of huge cuts are being made by government departments and local authorities on a daily

basis. On the day of Cameron’s Birmingham appearance, the government’s information office announced that it was to slash staff numbers by 40 percent with the number of employees cut to be cut to 450 from 737.

Leicester City Council in the Midlands recently announced that up to 1,000 jobs could be lost as it was being forced to cut £7.7 million from this year’s budget and make £100 million in savings by 2015. According to a BBC survey, based on initial responses from some local authorities, 2,700 jobs are expected to go at councils in Greater Manchester and Cheshire over the same period. Most local authorities nationwide are forecasting cuts of 10-15 percent by 2015 that will result in vital services being cut and terminated and thousands of jobs being lost.

Whilst the government is promulgating plans to further impoverish working people, the financial elite within the banking sector have announced record profits. Obviously primed beforehand that the major banks in Britain were about to announce huge profits, Cameron said in Birmingham he expected “pretty big figures coming out of the banks in terms of profits”.

By the end of last week four major high street banks reported that they were back to profitability with a combined £15.5 billion. The results marked the first time since the end of 2007 that all four have reported profits.

One of the banks that collapsed during the crash was the Royal Bank of Scotland. Bailed out by the then Labour government and taken into state hands, it announced profits of £1.1 billion for the first half of the year. RBS had reported a loss of £24 billion in 2008 prior to its £45 billion bailout by the government.

RBS and two other banks, HSBC and Barclays, also reported huge profits in their so-called “casino” investment banking operations. Between the banks more than £6 billion in salary and bonus payments is to be paid out for the first six months of 2010 to reflect their return to a profit.

For the rest of society there is no “economic recovery”—only economic destruction.



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