

Tory multimillionaire witch-hunts welfare claimants

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Britain's Chancellor George Osborne has announced legislation that will penalise and force into destitution hundreds of thousands of the poorest people in Britain, who are dependent on welfare benefits.

Announcing the attacks on Sunday's *Andrew Marr Show* ahead of today's Comprehensive Spending review, he declared, "A cheat is no different from someone who comes up and robs you in the street. It's your money. You're leaving the house at seven in the morning or whatever to go to work and paying your taxes—and then the person down the street is defrauding the welfare system."

Stating that £5.2 billion was being lost from the welfare budget due largely to fraud, Osborne said the government planned to implement "a very tough set of proposals to impose new sanctions." These include the introduction of new American-style "three strikes and you're out" legislation. Anyone found guilty of three or more occasions of "welfare fraud" will have their benefit entitlement removed for three years. For a first conviction, loss of benefits of three months will be imposed and six months for a second.

For cases described as "serious and aggravated", loss of entitlement to welfare benefits for three years is to be imposed immediately. Someone erroneously entering data on a claim form will be liable for an immediate £50 fine.

Further measures were detailed Monday by Minister for Welfare Reform Lord Freud, another Cabinet multimillionaire, in a report entitled "Fraud and Error Strategy". Under its provisions, cautions as a penalty for fraud will be abolished. A new "minimum penalty" will be imposed, in which those proven as "fraudsters" will be subject to four weeks loss of benefit payments. In a parallel with the medieval practise of putting people in the stocks, "Naming and shaming fraudsters in local areas" will be implemented.

The measures announced will be enforced by a new squad of 200 inspectors. These spies will include a "mobile task force" empowered to go into areas with "high rates of fraud" in order to check every claim individually. Public and private agencies will be authorised to track financial transactions, and extra powers are to be granted to enforcement authorities allowing them to seize assets of the poorest accused of fraud.

These measures, alongside those announced in the last few weeks, will result in a return to social conditions for the poorest that have not existed in Britain since the "Hungry Thirties".

The issue of "welfare fraud" has been highlighted in the most sensationalist way for years by the right-wing media in order to scapegoat the poorest layers. It has been pursued in order to create a climate in which vast cuts in public spending can be imposed.

The media has routinely employed lies, half-truths and distortions in order to manipulate and defraud the public. Even the most basic facts about the welfare budget and the actual level of fraud have been concealed. The extent of welfare benefit "fraud" is far smaller than the headline figure of £5.2 billion emblazoned on the front pages of the *Daily Mail*, *Daily Express*, *The Sun* and *Daily Mirror*. Department of Work and Pensions figures for 2009/2010 account for only £1.5 billion of the £5.2 billion said to be fraudulently claimed. Even this is misleading. According to the statistics, £1 billion of this is welfare benefit fraud and £0.5 billion is fraud related to the tax credit system.

This is a minuscule amount, when considering the overall welfare benefits budget is more than £190 billion. The £1 billion cited as fraud represents 0.7 percent of the benefits disbursed. Even the £5.2 billion cited would account for just 3 percent of the total welfare spending.

The majority of the £5.2 billion is accounted for,

according to the government's own figures, by "official error" (£1.1 billion). "[C]ustomer error" by the claimant accounts for £1.1 billion. Errors made in the tax credit system account for a further £2.1 billion.

Whilst the report castigates the perpetrators of "fraud", the underpayment of benefits, which is estimated in the report to total £1.3 billion (a figure higher than that cited as fraud), is relegated to one brief throwaway sentence.

Massive savings in welfare spending are already being made as a result of the amount of income-related benefits that go unclaimed. In 2007-2008, Department of Work and Pensions figures confirmed that up to £10.5 billion in benefit payments went unclaimed. This included Income Support, Pension Credit, Jobseekers Allowance, and housing and council tax benefits. In February of this year, 27 leading UK charities demanded the government resolve the situation in which £16 billion was being saved as a result of unclaimed benefits. The charities noted that as many as four out of five low-paid workers without children (1.2 million households) did not receive the tax credits they were entitled to worth at least £38 per week—a total of £1.9 billion. Half of all working households entitled to housing benefit (worth an average £37.60 per week) were not claiming it. This accounted for up to 500,000 households.

Around 3 million households were not receiving an average £13 a week in council tax benefit, and 1.7 million pensioners were not getting their entitlement to an average of £31 a week in pension credit.

Once again, these figures are far higher than that being attributed to fraud.

The hypocrisy of Osborne's statements is staggering. It is the super-rich elite represented by Osborne and his ilk who are really responsible for raiding the public purse, and who do so on a gigantic scale.

A report by National Fraud Authority, based mainly on 2008 data, found that tax evasion, estimated at £15 billion, costs the treasury 15 times more than benefit fraud. But this is just the tip of the iceberg. The legal avoidance of tax by transnational corporations and the super-rich is now estimated to cost as much as £80 billion a year.

The super-rich aristocracy are dab hands at any other number of schemes and rackets designed to protect their wealth.

In the same week that Osborne was preaching about taxpayers being robbed "in the street" as a result of welfare fraud, he was at the centre of "tax dodging" claims along with two other Cabinet millionaires,

Transport Secretary Philip Hammond and International Development Secretary Andrew Mitchell. They are to be the subjects of a Channel 4 *Despatches* programme this week. The *Daily Mail* commented Monday, "The programme is expected to claim that the men have used a variety of 'wealth management' techniques to protect their fortunes."

Osborne is the descendant of a wealthy aristocratic family and will inherit a knighthood from his father, Sir Peter, the 17th Baronet of Ballentaylor. The chancellor is reported to be worth £4.3 million already and stands to inherit his father's wallpaper and fabrics business. According to the *Mail*, "The programme is expected to say that he stands to gain more than £4 million from a trust fund—three times higher than previously thought—and that the trust fund arrangements will save him and other beneficiaries £1.6 million in inheritance tax."

Just two year ago, the then-Labour government, with the support of the Conservatives and Liberal Democrats, carried out the biggest robbery in history. In the space of a few weeks, up to £1 trillion in public money was handed over the banks and the super-rich in order to bail them out during the global economic crisis. The meltdown of the economy was precipitated by the criminal speculative practices of the major banks and financial institutions. Those who participated in this scam and who handed over hundreds of billions to its perpetrators are the real criminals.

Today, we have the obnoxious spectacle of a government, comprising at least 38 "millionaire ministers", imposing barbaric cuts that will lead to many of the poorest people being forced onto the streets and into destitution. The cabinet has 23 out of its 29 members with assets of more than £1 million. A further 15 millionaires were also given jobs by the coalition, including the main architect of the welfare reform plan, Lord Freud.



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