

# Universal benefits under fire as Tories announce further UK welfare cuts

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7 October 2010

The Conservative Party has unveiled the latest round of its planned cuts to welfare spending at its annual congress. They are a mere foretaste of what is to come at the hands of the Tory-Liberal-Democrat government.

Chancellor George Osborne announced that the universal Child Benefit system would be overhauled. Currently Child Benefit is paid to all families at a rate of £20.30 per week for the first child and £13.40 for each additional child. Under the new system, it is to be axed for all those who earn more than £44,000 a year—the top 15 percent of earners. Also announced was the capping of welfare benefits a family can receive at a maximum £26,000 a year.

The child benefit cut was meant to offer two political advantages to the government. In the first place, it provides a rationale for further eroding the conception of universal provision and legitimising mean testing that will be employed far more broadly. And secondly it would supposedly be proof that we would all “share the pain” of cuts, with the better off also taking a hit.

Attacking universal provision was popular with the business press. In an editorial comment, the *Financial Times* demanded, “Now that Mr Osborne has broken the taboo”, the government had to go a lot further, including attacking those areas of public spending that are supposedly being protected from cuts such as health. “Universality is a wasteful principle,” it continued. “Free bus passes, winter fuel payments and free TV licences for the elderly regardless of need look insupportable. Given the brutality of the cuts being demanded of departmental budgets, the coalition could usefully look at other areas of expenditure that have been protected, such as health and overseas aid.”

Even so the move was not welcomed by some of the party faithful and sections of the Tory press, who saw no need to attack and possibly alienate the party’s “natural constituency”. The *Daily Mail* wrote that while, “nobody has argued more forcefully than us for a shake-up in our debilitating welfare state... Can it possibly be right that a man earning £44,100,

whose wife stays at home, loses the family’s entitlement to child benefit, while a couple who both work, earning £87,000 between them, will still keep their benefit?”

No such consternation has been expressed over the cap on benefits. The government is proposing to impose a limit of £500 a week, equivalent to the average wage, for a household. Benefits that are to be included in the cap are job-seeker’s allowance, income support, incapacity benefit, council tax benefit, housing benefit, child benefit, child tax credit, carer’s allowance and industrial disablement benefit. It is estimated that this will affect 50,000 families overall.

This measure will have the largest impact in London and the south east of England. Due to the lack of any affordable social housing, many families have to rent in the private sector in the capital and pay as much as £500 a week to private landlords. The Chartered Institute for Housing has calculated that for two unemployed adults with four children, private rent payments would make the whole of Greater London too expensive a place to live. Unemployed families would face a similar scenario in south-east towns such as Winchester, Bournemouth and Bath. As regards this measure, the *Daily Star* proclaimed, “George Osborne Announces Death Of The Super Sponger”.

The government and its media supporters have assiduously promoted the myth of a society in which millions of people live luxurious lifestyles on welfare handouts, which are unfair to hard-working people, unsustainable and unaffordable. The cap of £500 a week has been specified as this is around the level of the national average wage in the UK.

The truth is that, apart from those who live in area with very high property values, most people receiving welfare payments live on next to nothing.

Currently an unemployed adult over 25 in the UK receives a Job Seeker’s Allowance (JSA) of £65.45 per week (£3,403 per year). For a person aged between 16 and 24 the payment is £51.85 per week (£2,696 per year). A lone parent under 18 also receives just £51.85 in JSA and a lone parent over 18 just

£65.45. These parents would only be paid £20.30 per week in Child Benefit for the first child and £13.40 per week for each additional child.

An unemployed couple or those in a civil partnerships (both aged 18 or over) are paid just £102.75 in JSA—less than £5,500 a year.

Even when additional housing benefits payments are taken into account, most people receive a pittance, cannot pay for the basic necessities of life and have no disposable income whatsoever.

The *Financial Times* delivered a correct appraisal of the reason why the government was restricting Child Benefit, even if it ruffled a few feathers among its supporters. In an article on Monday the FT commented, “Mr Osborne believes the move is essential, not just to raise £1bn but to provide political cover for £83bn of cuts that are likely to have an especially heavy impact on the poor.”

The money saved by both measures is indeed fairly modest, given the government’s pledge to eliminate the public deficit within five years. As well as the £1 billion saved by the cut in Child Benefit, the new annual cap on benefit claims will save an estimated £250 million a year. The total amount spent on welfare in Britain currently stands at £192 billion per annum.

That is why far greater cuts have already been announced, even prior to those that will be set out later this month in its spending review, of which plans to introduce a new “workfare” scheme are the most serious attack on working people. And it is the poorest who are being targeted.

An initial £9 billion in welfare spending cuts are to be announced in the spending review. This is on top of the £6 billion in cuts announced by the government upon assuming office and the huge cuts that were imposed in its June Emergency Budget. Osborne admitted this week, “In the Budget I made £11 billion of savings from other parts of the system, many of which affected people on lower incomes.”

The Conservatives also announced this week that a whole series of welfare payments will be scrapped and welfare recipients will receive a single “universal credit”. Under the plans, set to be introduced in 2013, housing benefit, income support, incapacity benefit and other welfare payments will be abolished and replaced with the new “credit” which will be based on “conditionality”. People will be forced to take whatever work they are offered, or lose their already paltry benefit payments.

Announcing the changes, Work and Pensions Secretary Iain

Duncan Smith said they were the “biggest welfare reform for a generation”. He told the *Sunday Times* that those who did not accept whatever employment was offered, “will find themselves financially embarrassed and progressively more so”. Central to the changes was “to make it much clearer that the commitment to work is the foundation of the benefits system for people of working age”.

For the lunatic right wing that dominates political life in Britain, such cuts are necessary in order to maintain the existence of the super-rich elite. Whilst the Conservatives were outlining the most draconian attacks on the most poverty-stricken layers in society, the Centre for Economics and Business Research reported that cash bonuses paid to bankers will hit nearly £7 billion this year.

While declaiming against a supposed “welfare aristocracy”, a pliant media has not uttered a word against the massive and destructive cost to society embodied by this real aristocracy of unearned wealth. The stampede to destroy what remains of the welfare state comes just two years after the biggest looting operation in history was carried out in order to bail out the banks, at a cost of £1 trillion in Britain. Even that figure could double. A new report, published by the New Economics Foundation (NEF), argues that UK banks could fall off a “funding cliff” because they are borrowing more than they are lending.

To maintain existing levels of activity banks have to borrow £12 billion a month, but this could rise to £25 billion a month next year—to be paid by the “public sector”. It is to pay these parasites that working people and the most vulnerable are being targeted for cuts that will produce deep social misery.



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