

UK Conservative Party calls for further cuts to welfare

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Senior UK government figures signalled further massive cuts to the welfare budget at the Conservative Party conference this week. Prime Minister David Cameron set the tone on the opening day of the conference, declaring “We’ve capped welfare but we need to go further”.

The centerpiece of the new cuts is a pledge to remove the entitlement to Housing Benefit from people aged under 25. Housing Benefit is a means tested social security benefit to help meet housing costs for rented accommodation.

The cuts were announced as the International Monetary Fund (IMF) cut its growth forecasts for Britain, warning in its annual fiscal monitor that Britain will miss deficit reduction targets this year. Official figures due in December are expected to show that the double dip recession has undermined deficit reduction targets. The IMF places the UK in the bottom third of developed nations, with the US and France. The Conservative/Liberal Democrat government’s response is a determination to press ahead with its brutal austerity programme.

The government announced its intentions of saving a further £16 billion in 2015-16 on top of the cuts already announced, with its preferred formula for making such savings of 80 percent in cuts, 20 percent in taxation. Chancellor George Osborne and Work and Pensions Secretary Iain Duncan Smith later revealed a programme for £10 billion of cuts to the welfare budget, following the £18 billion in welfare cuts already announced by the coalition in 2010 as part of more than £100 billion in austerity measures. Osborne is also hoping to slash welfare spending by ending the link between inflation and annual benefit upgrades.

Outlining their plans in the *Daily Mail*, Osborne and Duncan Smith declared they are “ending the something for nothing culture”. It is “no longer OK”, they write, “to opt out of a life of work”. Given the recent legal ruling

sanctioning workfare schemes, this can only mean forcing unemployed workers into low-paid or unpaid work programmes at the risk of losing their benefits.

In their article the ministers identified two of the groups they will target with the latest round of cuts, asking: “is it right that school leavers should be able to move directly from school to a life on housing benefit without finding a job first? He added, “Is it right that people in work have to consider the full financial costs of having another child while those who are out of work don’t?”

These comments reveal the callous indifference to the impact of these savage measures which will devastate the lives of those affected, forcing many into homelessness.

Neither proposal will save large sums on their own. The current annual total for the 380,000 under-25s claiming housing benefit (only 8 percent of total housing benefit claims) is £1.8 billion. Of these 166,000 are single and childless. Some are no longer able to live at home. Others are already in work.

Osborne asked “How can we justify giving flats to young people who have never worked, when working people twice their age are still living with their parents because they can’t afford their first home?” His solution is to remove all social safety nets and force young workers back to their parents, who are themselves also suffering from the lack of social provision.

The homelessness charity Crisis estimates that 10,000 young people became homeless last year after being thrown out by their parents.

The comments about cutting benefits to children have a particularly sinister ring. More than two-thirds of children in households receiving tax credits are in working families. Around 330,000 out-of-work families have three children or more. According to calculations by the Institute for Fiscal Studies, to save £1 billion a year from this group would require average cuts of £3,000 per family.

Osborne hinted that he would look to remove the extra support for each child in the family, telling the BBC, “You automatically get extra money when you have a child, so you can be better off. We are just asking the question, does that work?”

Charities have warned of the social devastation that will be caused by the further cuts to welfare. The Joseph Rowntree Foundation commented, “Cutting benefits for groups who receive little public sympathy may make for a good conference speech, but it risks increasing poverty and hardship”. Rhian Beynon of Family Action said, “Removing housing benefit from under-25s will make it even more difficult for hard-pressed young people to find employment and move on. It is not the answer. Neither is punishing children because a parent is out of work”.

“There is already a welfare cap coming in”, she noted, “which places limitations on benefits for large families. These further cuts to the welfare budget could spell disaster for the children and families we support”.

The coalition are fully aware of the enormous hostility such measures will provoke. It was widely reported that the latest cuts were only agreed after extensive discussion, with Duncan Smith apparently having argued against even deeper cuts at this point. However, the Conservatives have made it clear that the one thing they will not tolerate is any suggestion the rich should pay more. In his conference speech Osborne said the budget could not be balanced “on the wallets of the rich”.

Before the Tory conference Deputy Prime Minister and Liberal Democrat leader Nick Clegg said he would only permit welfare cuts if wealth taxes, such as a “mansion tax” on expensive houses, was agreed. Coming scarcely six months after Osborne reduced the top rate of income tax from 50p to 45p for those earning over £150,000, this was always going to be a hollow claim, designed to facilitate the coalition’s vicious right-wing agenda while bolstering Clegg’s flagging personal career.

Osborne and Cameron went out of their way to dismiss any such wealth tax explicitly while claiming vaguely that the rich would “pay their fair share”. Osborne described demands for a wealth tax as “the politics of resentment”, claiming such taxes were unfair. Cameron said the Tories would “level” with the public about the need for further spending cuts, including welfare cuts, while ruling out wealth taxes, including the token short-term wealth levy proposed by the Liberal Democrats.

Whilst endorsing the termination of the right to Housing Benefit payments for thousands of working class people, he said, “I don't actually believe we should be a country

where ... you buy yourself a house, you try and pay down the mortgage, you save and invest into that house—I don't want to be a country that comes after you every year with a massive great tax, and so that is not going to happen”.

Cameron opposed this levy on the grounds that the wealthy had already been disproportionately targeted by the Treasury! In doing so he defended cutting the top rate of tax, describing the previous rate of 50p as “completely uncompetitive”.

In a BBC interview during the conference, Conservative Mayor of London Boris Johnson called for a further reduction of the top rate of tax to 40p. Johnson, who speaks openly for the interests of the City of London, said “We’re starting to get a situation where the tax is uncompetitive” and hampering Britain in international competition.

Osborne has argued that a mansion tax would risk driving “enterprise and investment” abroad. Or, as a commentator in *The Spectator* put it, such a tax would be “a deterrent to international entrepreneurs and investors”.

It is this layer of financial parasites that are defended by the coalition and the opposition Labour Party. Just a week earlier Labour’s Shadow Work and Pensions Secretary Liam Byrne had announced Labour’s intentions to continue cutting welfare if it wins the next election.

At the budget in March, Osborne cut corporation tax to 22p over the next three years in order to attract this layer of financial parasites. The latest cuts in vital social provisions to the poorest and most vulnerable are being withdrawn to finance the interests of the super-rich.



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