

Benefit cuts to impoverish millions in Britain

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A further £14.2 billion in spending cuts were announced in December by the Conservative/Liberal Democrat government, including an annual 1 percent cap on welfare benefit payments until 2016. With inflation standing at 2.7 percent, this is a drastic cut in the incomes of millions of the poorest people in Britain.

The cuts take place on top of austerity measures totalling £155 billion.

Many benefit payments, including Jobseeker's Allowance (JSA), Employment and Support Allowance, Income Support, Maternity Allowance and Sick Pay, will be cut.

Last week, the measure was passed in Parliament, with a majority of 56. The Labour Party voted against the cap, but only on the most opportunist and cynical basis. When the measures were first announced, Labour had refused to commit to opposing them, on the basis of needing to "look at the legislation". As inflation nears 3 percent, it eventually said it would oppose the plans and propose that benefits rise by up to 2.2 percent—also a cut.

The Resolution Foundation has calculated that 68 percent of households hit by the cuts are actually in work and that broad layers of the population—from teachers and nurses to secretaries and shop workers—will be impacted.

Just as the coalition is attempting to divide workers between the "deserving" and "undeserving", so Labour took up the same theme. A debate in the party centred on some of its leading figures insisting that Labour could not be seen as supporting welfare "shirkers," but only those "strivers" trying to find work. This is under conditions of official unemployment edging towards 3 million and with the UK expected to move into a "triple-dip" recession this year.

Prior to the vote, Labour leader Ed Miliband commented, "Today the Labour Party is going to be voting against a tax on strivers and in favour of real

welfare reform to put people back to work."

Labour's proposed amendment to the bill did not mention the devastating cuts that will befall those who already receive only a pittance in benefits. Demanding measures to punish the unemployed, it added that Labour "further believes that the Bill should introduce a compulsory jobs guarantee, which would give long-term unemployed adults a job they would have to take up or lose benefits...."

The Institute for Fiscal Studies (IFS) noted that some 7 million workers will lose an average of £165 a year, while 2.8 million without a job will lose £215 a year in 2015-2016.

A single adult over 25 years of age on JSA receives £71 a week. By 2016, this benefit will now be worth a maximum of £73.15 a week. With inflation, this amounts to a cut in income of £3.76 a week (£195.52 a year). As the poorest spend more of their income on food and heat, where prices are increasing most quickly, they face a real inflation increase of 4 percent each year.

The IFS projected that claimants of JSA older than 25 will now be at least £7.41 a week, or £385.32 a year, worse off. A claimant of JSA younger than 25 receives just £56.25 and faces the same cuts proportionally.

Labour is no less the proponent of mass austerity than the government, having overseen the £1.3 trillion bailout of the banking and super-rich elite after the 2008 global financial collapse. The first wave of austerity carried out by the incoming government was that legislated by Labour.

Under Miliband, Labour has criticised the government for carrying out too many cuts, "too fast", warning that this threatens the competitiveness of British capital. Under conditions of deepening recessions and with a general election just over two years away, Labour is seeking to position itself as the most reliable vehicle for the imposition of the

necessary attacks on the working class in alliance with its partners in the trade unions.

This was the significance of the intervention made in the welfare cuts parliamentary debate by David Miliband. Labour's former foreign secretary from 2007 to 2010 under Gordon Brown and a close ally of Tony Blair, he lost the election for Labour leader to his brother Ed. Eschewing his party's "too much, too soon" mantra, David Miliband openly endorsed the government's austerity programme.

He insisted that "it should be common ground that all Western economies need to reshape their social contract to meet the challenges of economic competition and demographic change.... The government themselves have projected the total cost of all benefits, all tax credits and all tax relief for the next few years, and I am happy to debate priorities within that envelope. I will take the envelope that they have set. But let's have a proper debate about choices, not the total sum—a priorities debate, not an affordability debate."

Nicholas Watt, the *Guardian*'s chief political correspondent, stated that Labour's shadow chancellor Ed Balls "is attacked regularly in private by supporters of Tony Blair on the grounds that Labour is failing to revive its economic credibility by acknowledging fully and frankly the level of the deficit and the need for serious cuts."

"On the eve of the election", he continued, Balls "is likely to pull off a trick in the mould of Gordon Brown by saying that the economy is in such a dire state he has no choice but to accept the government's overall spending 'envelope'—though not the exact headings—for 2015-16."

The representatives of the ruling elite are demanding that the Conservatives, Liberal Democrats and Labour not shy away from imposing the burden of the economic crisis—caused by the criminal activities of the bankers and super-rich—onto the backs of working people. On the day of the welfare bill parliamentary vote, the *Times*, owned by Rupert Murdoch, gave its approval of the coalition's recent mid-term statement that it plans to continue with its austerity programme beyond the next election.

"Even on welfare reform, over which there has been tension, there is more that unites than divides" the coalition, the *Times* wrote. "Both Tories and Lib Dems

have agreed to means-test child benefit, impose a household welfare cap and limit benefit rises to 1 per cent. The differences are more about rhetoric than reality."

The article warned Labour that it "seems to be in denial about the deficit. The failure to admit mistakes made when it was in power, together with a reluctance to come up with a credible cuts plan, have made it difficult for the party to regain the voters' trust on the economy. There is a similar problem with welfare reform, on which Labour seems keener to oppose cuts than to propose savings of its own."

The article concluded, "There is speculation that David Miliband might return to the Shadow Cabinet. On at least three occasions he has been offered jobs by his younger brother, including the role of Shadow Chancellor. This could make a difference, since the former Foreign Secretary has made clear that he favours a tougher line on deficit reduction and greater honesty on cuts."



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