

UK government announces ten-year sentences for benefit fraud

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The announcement of new sentencing guidelines to deal with “benefit cheats” is of a piece with the vicious campaign by official parties and the media aimed at stigmatising welfare recipients as “scroungers”.

Keir Starmer QC, director of public prosecutions, outlined the new guidance on Monday. Those found guilty of fraudulent benefit claims in England and Wales could face jail sentences of up to 10 years.

Previously, those accused of benefit fraud were commonly charged under social security legislation that carries a maximum sentence of seven years. Cases involving less than £20,000, however, were tried in magistrates’ courts where the maximum sentence is 12 months.

Those accused can now be charged under the Fraud Act, which carries a maximum 10-year sentence. The £20,000 financial threshold has been abolished, so more people can be prosecuted in crown courts and be awarded harsher sentences.

Starmer’s statement was overtly political. With just months left in his post, he said it was time for a “tough stance” against those trying to get “one over on the system.”

“The cost to the nation incurred by benefit fraud should be at the forefront of lawyers’ minds when considering whether a prosecution is in the public interest,” he said.

His statement was welcomed by Conservative Prime Minister David Cameron and the right-wing TaxPayer’s Alliance. Labour’s criticism was that Starmer did not go far enough. Emily Thornberry, Labour’s attorney general, complained that it was a belated admission that the authorities had not been “robust” enough. “I am in favour of tougher sentences for all types of fraud, from benefit fraud to banking fraud, and would like to see the maximum penalty extended from 10 years to 14 years, bringing it in line with sentencing for other economic crimes such as money laundering,” she said.

All are well aware that Starmer’s claims are a mix of misinformation and right-wing hyperbole. By the director’s own admission, fraudulent welfare claims account for £1.9 billion. As a survey by Channel 4 showed, this is just 1 percent of the total annual benefits and tax credits spend. Contrary to the political hype of all the major parties and the media, this figure has remained static—despite the most severe economic conditions since the 1930s. By comparison, administrative errors in welfare payments alone cost £3.4 billion last year.

The amount unclaimed in benefits and tax credits was estimated to be at least £12 billion.

Facts, however, cannot be allowed to get in the way of the ruling elite’s efforts to dismantle welfare once and for all.

Last year, 262 people were imprisoned for benefit fraud—for an average sentence of six months and one week. This is set to rise exponentially, with major social and familial repercussions, given that more than half of those convicted of benefit fraud are women, many with children.

The day after Starmer’s announcement, a 61-year-old man was jailed for ten months at Teeside Crown Court for fraudulently claiming £40,000 over a number of years.

The court heard that the man was in “dire financial” straits after having to pay funeral costs for his father and sister, and care home bills for his mother. But Judge Howard Crowson rejected defence calls for the sentence to be suspended, to allow the man to continue in employment and repaying his debt.

Crowson said, “I am invited to the view that this is somehow an unhappy situation forced upon you by death, but it seems perfectly clear that you decided to make dishonest applications. It is necessary in these sorts of cases that the message is properly given because this is the sort of offending that is so rife in this country.”

The resort to political sentencing is reminiscent of the

summary justice dispensed during the August 2011 inner-city riots. Then also sentencing guidelines were overturned as thousands of young people, whose poverty and police brutality had boiled over onto the streets, were dragged before kangaroo courts and subjected to harsh prison terms, often for minimal offences.

Now, as then, the objective is not only to criminalise those directly involved, but to justify even harsher measures under conditions in which poverty is rising.

The Conservative-Liberal Democrat government is implementing the most savage austerity measures in 80 years. Amid pay cuts and freezes, hundreds of thousands of jobs have been destroyed. With the majority of those claiming benefits in work, but on very low pay, there has been a significant rise in the use of food banks—something unheard of until recent years.

Under these conditions, the government has deliberately targeted welfare benefits with the aim of forcing down wages. Real wages have fallen for 40 consecutive months, and are down by 9 percent since 2008. But this is not considered nearly enough by the ruling elite. According to the official parties and the media, the financial crisis was the result of a too generous welfare system that must be made subject to stringent austerity, and harsh penalties against its victims.

The class injustice that permeates every aspect of British society is made clear by contrasting the sledgehammer approach to miniscule fraudulent benefit claims to the hands-off treatment of the mega-million-pound swindlers in the City of London. Five years after financial crash of September 2008 was triggered by rampant illegality and fraud, not a single top bank executive has been prosecuted. Instead the banks have been rewarded with billions of pounds in public funds, and continue to be subsidized with virtually free credit by the Bank of England.

In 2008, this largesse was justified on the basis that the institutions involved were “too big to fail”. A more accurate description would be too rich to jail.

Tax evasion and avoidance costs at least £32 billion a year. It is so ubiquitous that, once again on the day of Starmer’s announcement, David Heaton—an adviser to HM Revenue and Customs on tax avoidance—resigned his position after being secretly filmed offering tips to those attending a £1,000 a head seminar on how to keep money “out of the chancellor’s grubby mitts.”

For months, there have been criticisms of major multinational corporations for tax accounting methods that see them pay little or nothing in the UK. Concerned

that big business is so obviously seen as “getting away with it”, there have timorous calls for corporations to fulfil their “moral” duty and hand over a little of what they owe.

This has been brushed aside by the major corporations, who argue that they are not breaking any rules, and that all the measures employed are all above board. Indeed they are, because it is not necessary for companies to break the law when the law has been drawn up at their behest.

Even where there is obvious evidence of illegality, the rich are assured that they are above the law. Only this week it was announced that JPMorgan is to be fined £557 million over efforts to conceal from investors and regulators the \$6.2 billion losses in bad bets by Bruno Iksil, nicknamed the “London Whale”. This is a drop in the ocean. Two former JPMorgan traders meanwhile have been set up to take the fall so as to protect crimes reportedly sanctioned by the biggest US bank’s top executives.

Last year, the British-based HSBC, which admitted laundering billions of dollars for Mexican and Colombian drug cartels, settled with the US Justice Department for a token fine of less than \$2 billion. That same year, the involvement of leading banks in the rigging of the Libor (London inter-banking lending rate) was exposed. Libor underpins trillions in loans and financial contracts, meaning that hundreds of millions of people were effectively defrauded. Once again, those involved got off with paltry fines and just a few resignations.



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