

UK government's fresh round of scorched-earth spending cuts

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Conservative Chancellor George Osborne has outlined spending cuts that even dwarf the devastating austerity programme imposed in the UK over the past four and a half years.

Osborne's statement, the final by the Conservative/Liberal Democrat coalition before the 2015 general election, laid out plans to reduce public spending to 35 percent of GDP, a level not seen since the 1930s.

Due to the cuts already imposed Britain's public spending as a percentage of GDP is lower than all its major European rivals. According to the International Monetary Fund's October 2012 statement, government spending as a share of GDP was expected to fall between this year and 2017 by 6.29 percentage points, from just over 45 percent of GDP to 39.17 percent. This is the largest fall of any industrial nation. Only Greece and Ireland, which have been subjected to savage European Union/IMF-dictated austerity measures, will have seen greater falls.

The new projections will shift UK public spending to a percentage level lower than the United States and similar to eastern European countries such as the Slovak Republic and Bulgaria.

Osborne announced that, by 2019-20, an additional £60 billion would be slashed from government spending with the loss of a further one million public sector jobs. Since 2010, the coalition, continuing an austerity agenda begun by the previous Labour government, has cut around 500,000 public sector jobs.

Assessing the plans, the Office for Budget Responsibility (OBR) said, "Total public spending is now projected to fall to 35.2% of GDP by 2019-20, taking it below the previous post-war lows reached in 1957-8 and 1999-2000 to what would probably be its lowest level in 80 years."

This would mean that in the space of 10 years to 2019-20, the budget will have moved from a post-war record deficit of 10.2 percent of GDP to the largest surplus since 2000-01--a turnaround worth 11.2 percent of GDP.

OBR chairman Robert Chote warned the plans would result in a "very sharp squeeze", as only 40 percent of cuts previously laid out were made in the current parliament. The government formed after May 2015 is required to account for the remaining 60 percent.

Ross Walker, an RBS bank economist, said, "The more one considers the scale and persistence of this required spending restraint, the more one doubts its political viability. The previous spending projections looked daunting, today's revised figures give the impression of trying to scorch the scorched earth."

The Tory supporting *Daily Telegraph* celebrated the statement saying, "This government is a free marketeer's dream. It believes in cutting spending as a share of GDP much more severely than any previous government had dreamed of. On that metric, it is more Thatcherite than Thatcher, more Reaganite than Reagan."

Addressing the projected fall in public spending it added, "The numbers are astonishing from all angles, and music to the ears of those of us who believe that smaller states are better for growth, jobs, productivity and prosperity over time."

Labour dutifully signalled it intended to match Tory targets. Shadow Chancellor Ed Balls told the BBC, "We want to get the current budget as soon as we can into the parliament," adding "Nobody doubts we're going to have to make tough decisions. I want the deficit and debt falling every year of the next parliament."

Balls attacked Osborne for not being consistent

enough in his plans, complaining that the chancellor had announced “a £1.5 billion rise in disability benefits this year compared to his plans. I’ve got to get those all into reverse. It’s going to be very tough.”

He stressed, “There will be cuts under the next Labour government from the start. We’ll cut departmental spending and cut the overall deficit.”

Balls pledged to match planned Tory/Liberal cuts to 2015-2016, saying that Labour could not be specific beyond that as the government had “no plans on welfare and spending to speak of.”

Looking for any “oppositional” voice to the cuts, the media centred on senior Liberal Democrat Vince Cable who said the Liberals “do have differences in emphasis. The Tories would like to cut spending rather more brutally than we think is necessary or desirable.”

This is a transparent price of electioneering from a party that faces being wiped-out. As a cabinet minister in the coalition, Cable has been central to the cuts imposed over the last five years that have left his party a widely hated rump.

Over the last three decades Britain has been transformed into a low-wage economy with millions of people designated as “working poor” relying on tax credits and other welfare benefits to supplement meagre pay. Officially almost two million people, including nearly 750,000 under the age of 25, remain unemployed--living on below subsistence levels in the midst of a so-called “economic recovery.”

Due to the increase in unemployment, which hit 2.7 million (the highest level in 17 years) in 2012 as a result of the recession that followed the 2008 global financial crash, overall spending on welfare benefits rose in the UK despite the cuts suffered by claimants. Osborne, who recently pledged a further £12 billion in welfare spending cuts in the new parliament, announced in his statement that increases in welfare spending had to end.

The government, he said, will “undertake further steps to control benefit spending by freezing Universal Credit work allowances for a further year, cutting tax credits when overpayments are certain, and ending unemployment benefits for migrants with no prospect of work. Total welfare spending is now set to be £1 billion a year lower than forecast at the Budget and will go on falling as a share of our GDP.”

The privatisation of health, education and social

services is being accelerated. The amount spent on outsourcing services to the private sector has doubled to £88 billion since 2010. The process was begun by the previous Labour government, with £45 billion spent on outsourcing in their last four years in office.

Commenting on the autumn statement Oliver Wright, the *Independent’s* Whitehall editor, said, “In order to meet eye-wateringly tight cuts to spending over the next five years, ministers are intending to outsource swathes of services currently provided by the public sector. Some of these services will be contracted out to companies such as Serco and G4S, while others will become new mutual companies run by their employees.”

The fact that millions of working class people now live in desperate poverty with millions more set to join them is entirely the responsibility of the Labour Party, the trade union bureaucracy and their backers in pseudo-left outfits such as the Socialist Workers Party and Socialist Party. Commenting on Osborne’s speech, Trades Union Congress General Secretary Frances O’Grady said, “The public spending cuts predicted by the OBR are simply terrifying.” Yet the TUC have done nothing to oppose the social devastation wrought over the last six years. As with their well-heeled counterparts in Greece, Ireland, Spain and elsewhere, they have collaborated with the government and employers to ensure that every last cut has gone through. Meanwhile, over the last decade the TUC’s affiliated trade unions have handed over more than £113 million to and are fighting for the re-election of the Labour Party, which is committed to matching any cuts outlined by the Tories.



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