

# UK Conservative government proposes tax increases on workers to fund National Health Service

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This week, Prime Minister Theresa May announced that the National Health Service (NHS) will receive a further £20 billion in funding. While the funding sources remains vague, with an unspecified “Brexit dividend” being cited as one source, any such increase is not set to be implemented until 2023-2024.

What is clear is that millions of workers will face large tax increases to pay for any increase. The NHS is relied on by more than 60 million men women and children and paid for through taxation.

May announced that in order to fund the NHS, “we will all need to make a greater contribution through the tax system in a way that is fair and balanced.” The *Financial Times* reported that Chancellor Philip Hammond is to oversee the proposal and that “nothing is off the table” for him.

The announcement follows months of propaganda that only on the basis of a huge increase in the taxing of working people can the NHS’s long-term funding crisis be resolved.

“Solutions” mooted include introducing charges to use NHS services as standard, replacing publicly run services with an insurance-based system, and introducing a dedicated tax to fund the NHS.

The common theme of these solutions is that any necessary funding increase should fall on to the shoulders of the working class, not the wealthy elite. This, as the British super-rich have tripled their wealth in the 10 years since the global financial crash, while workers on average earn £24 less per week than they did before the 2007-2008 global financial crash and the onset of mass austerity.

More than a trillion pounds—enough to run the NHS for almost a decade—was spent to bail out the banks during the financial meltdown by the then-Labour Party government.

The richest 1,000 individuals now possess wealth, not including bank balances, of £724 billion and have increased their riches by a massive 10 percent on average in the last year alone. These hundreds of billions would pay for the

NHS’s current annual budget of £116 billion more than six times over.

The demand that workers pay more tax to fund the NHS is in sharp contrast to the tax breaks for the rich, including the slashing of Corporation Tax by successive Tory governments since 2014. By 2020, it will have fallen from 20 percent to 17 percent, with the aim of reducing it to a level such as that in Ireland of 12.5 percent.

But there are no demands that the super-rich hand over any of their ill-gotten gains to fund the NHS.

Instead, a report, “Securing the future: funding health and social care to the 2030s,” authored by the Institute of Fiscal Studies (IFS) and the Health Foundation charity—in association with the NHS Confederation, representing 240 trusts in England—demanded increasing workers’ taxes. The report proposes a massive tax increase to the tune of £1,200-£2,000 per household over the next 15 years.

The IFS/Health Foundation point to the growing demand on services and the financial crisis engulfing in the NHS. They note that “with the older population growing rapidly, along with the numbers suffering chronic health problems, and a growing pay and drugs bill, demands on the health service will only continue to grow.”

They predict that in order “to secure some modest improvements in NHS services, funding increases of nearer 4% a year would be required over the medium term, with 5% annual increases in the short run. This would allow some immediate catch-up, enable waiting time targets to be met, and tackle some of the underfunding in mental health services.”

Even to continue with something like the current funding arrangements, the report says that “adult social care spending is likely to have to rise by 3.9% a year over the next 15 years taking an extra 0.4% of national income, relative to today.”

They conclude that overall, “[H]ealth and social care spending is likely to have to rise by 2–3% of national

income over the next 15 years.”

What this means is clear: If people want to retain the NHS and care system, be prepared to pay more for it. Otherwise, services will continue to be slashed to the bone.

The report was effusively welcomed by representatives of all the main parties and the corporate media and hailed as the only possible way to fund the NHS.

A number of right-wing Conservative, Labour and Liberal Democrat MPs demanded May commit to increasing tax on workers to fund the NHS, claiming that there is public support for this measure.

MP Dr. Sarah Wollaston, the Conservative chair of the health and social care select committee, Norman Lamb, the Liberal Democrats’ former care minister, and Liz Kendall, the Blairite former shadow care minister, said, “As a cross-party group of MPs who have come together to campaign for a new settlement for the NHS and the care system, we wholeheartedly endorse this analysis.

“We call for the government to accept the case for meeting the ambitious scenario which would deliver a modernised NHS. It sets a benchmark against which to judge any announcements from the government about extra funding for the NHS and social care as we approach the 70th anniversary of this great institution.”

Writing for the *Financial Times*, Martin Wolf said, “Public spending on health (and grossly underfunded social care) must rise in the years ahead. Politicians must discuss higher taxation. Anything else is an evasion,” He asserted that “to help the discussion, we have the benefit of a superb new report.”

Wolf warned, “[T]he decision to fund health though taxation was a perfectly reasonable one. Political cowardice is no reason for refusing to live up to the evident consequences.”

The *Guardian* editorialised, “Politicians of all stripes have for too long avoided confronting hard truths about rising demand for health services and how to meet the cost”. It praised May for earlier starting a necessary conversation with her plan to reform social care financing—then dubbed as dementia tax.

Increasing the taxes of workers, many already pauperised, to fund the NHS is to continue as more avenues are opened for the big private health care, pharmaceutical and medical equipment companies to make far greater profits from the NHS—of which a substantial chunk has already been privatised.

In 2016-2017 alone, 70 percent of the £7.1 billion worth of NHS clinical contracts awarded through the market tendering process in England were scooped up by private firms. This brings the total value of contracts awarded through the market to around £25 billion, since the Health

and Social Care Act (2012) came into force.

The central responsibility for the financial crisis tearing apart the NHS is its massive underfunding over the last decade. The IFS documents: “Health spending has risen by an average 3.7% a year in real terms since the NHS was founded 70 years ago. At 1.4% a year, spending growth over the last eight years has been slower than at any time in the NHS’s history.”

Since May’s predecessor David Cameron ushered in the “age of austerity” in 2009, the Tories have imposed record low levels of funding for public health care. Since 2010, tens of billions of pounds have been slashed from the NHS budget in efficiency savings as part of plans to save nearly £50 billion between 2010 and 2020. The first £20 billion in savings was drawn up at the behest of the last Labour government of Gordon Brown. These have crippled front-line services and put patient safety and care in jeopardy.

May’s proposal will see these cuts continue, with her pledge for a “plan that tackles wastes, reduces bureaucracy, and eliminates unacceptable variation, with all these efficiency savings reinvested back into patient care.”

In recent years, social care spending has fallen by 10 percent as a result of deliberate starving of funds by Tory-led governments, despite the growing demand for these services and the most vulnerable people in society not receiving the appropriate level of support and care.

Key waiting-time targets for elective surgery, cancer treatment, investigation and Accident and Emergency performance have not only been missed but gone from bad to worse. Many patients who are medically fit for discharge are compelled to languish in hospitals due to lack of social care and support in the community. Hospital bed occupancy rates have reached dangerous levels. A year earlier, the crisis engulfing the NHS was aptly described by the Red Cross as a “humanitarian crisis.”

Staff shortages are becoming more acute and dangerous for patient safety despite bogus government claims that they have increased staffing levels. In England alone, there is a shortage of 40,000 nurses. The UK has fewer practising doctors per 1,000 people than many other European Union countries.



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