UK Chancellor Sunak announces class war budget

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3 March 2021

Chancellor Rishi Sunak presented a £65 billion budget yesterday for the Conservative government funnelling a vast tranche of money into the coffers of big business.

It was trailed that Sunak would extend the jobs furlough scheme, under which around 11 million workers whose companies are unable to operate during pandemic lockdown have received up to 80 percent of their wages paid by the state. At the end of January, it was still supporting 4.7 million workers. But even with the scheme in place, Sunak was forced to acknowledge that since last "March, over 700,000 people have lost their jobs."

The government's herd immunity policy has led to at least 135,000 dying in the pandemic, and the presence of several highly contagious variants of the virus in Britain. But for the ruling class the continued flow of profits is all that counts. The Tories have laid out a roadmap to reopen the entire economy by June 21, with all schools open from next week.

Knowing that, in Prime Minister Boris Johnson's own words, this will result in "more infections, more hospitalisations and… more deaths," the government fears an explosion of social and political opposition. In an effort to prevent this the furlough scheme is being extended until October—at a cost of around £20 billion. But beginning in July, immediately after the economy is fully opened, furlough support will be cut each month with employers expected to pay 10 percent towards the hours their staff work, increasing to 20 percent in August and September when the scheme will end.

Sunak also announced the continuation of the £20 a week increase to the Universal Credit welfare benefit, claimed by millions of unemployed workers during the pandemic, for another six months.

More than double this amount was handed over to big business, bringing total government spending on the crisis to more than £400 billion. Sunak said that since the start of the pandemic, "Our economy has shrunk by 10 percent—the largest fall in over 300 years. Our borrowing is the highest it has been outside of wartime. It's going to take this country—and the whole world—a long time to recover from this extraordinary economic situation. But we will recover."

The recovery he refers to is in the profits of corporations and the fortunes of the super-rich, to be paid for out of the hides of the working class.

Sunak explained, "The government is providing businesses with over £100 billion of support to get through this pandemic," adding, "so it is fair and necessary to ask them to contribute to our recovery."

This contribution amounted to a Corporation Tax increase from 19 percent to 25 percent to be introduced in two years' time, in 2023, which the government stressed "will remain the lowest rate in the G7."

While the Corporation Tax increase was given all the headlines, a massive "Super Deduction" £25 billion two-year tax break scheme for business was rolled out immediately that cancels this increase out. This allows large corporations to invest in "plant and machinery" and "reduce their taxable profits by 130 percent of the cost," said Sunak. "Under the existing rules, a construction firm buying £10 million of new equipment could reduce their taxable income, in the year they invest, by just £2.6 million. With the Super Deduction, they can now reduce it by £13 million."

Sky News economic editor Ed Conway described the super-deduction boon to business as "pretty extraordinary. I've never heard of anything like this certainly being used in the UK… The cost more than outweighs the cost coming back from Corporation Tax increases.”

In another giveaway described by Sunak as a “£6 billion tax cut for business”, the holiday for business rates will continue until the end of June and will be cut by two-thirds for the rest of the year. For eligible retail, leisure or hospitality businesses with a rateable value below £51,000 they would “over the next financial year, pay no business rates whatsoever.” Another £5 billion in new grants for businesses was announced for when they reopen from next month.

The ruling elite were assured that the state coffers would always be available to them, with Sunak promising “if further action is needed as the situation evolves—I hope the whole House knows, I will not hesitate to act.”

The budget confirmed that the ruling elite is hell-bent on a class war agenda post-Brexit to finish the “Thatcher Revolution”.

Describing the budget as “The first in almost fifty years outside the European Union,” Sunak announced eight new Freeports which are “special economic zones with different rules to make it easier and cheaper to do business. They’re well-established internationally, but we’re taking a unique approach.”

Britain’s Freeports would have “Simpler planning—to allow businesses to build; Infrastructure funding—to improve transport links; Cheaper customs—with favourable tariffs, VAT or duties; And lower taxes—with tax breaks to encourage construction, private investment and job creation.”

Among the Freeports announces were ones on the Thames in London, East Midlands Airport and another covering the entire Liverpool City Region in the northwest of England.

Tax breaks for corporations are to be paid for with stealth taxes on workers’ wages. Sunak announced a freeze to the threshold for income tax for the lowest paid until 2026, after a small rise this April. The lowest paid start paying 20 percent income tax from when they earn £12,500 a year. The freeze will cost workers £2 billion next year and £8 billion a year within five years. New changes mean that by 2026, a million more workers will be in the higher rate of tax, and 1.3 million more who are currently outside of the tax system will be paying the basic rate.

Sunak announced an increase of just 2.2 percent in the National Living Wage, with the *Daily Mirror* noting, “It equates to a pay rise of just 19p an hour for basic-rate workers—the majority of whom have already taken a 20 percent hit over the past year due to mandatory furlough.”

There is not a scintilla of difference between the pro-business policies of the Tories and the Labour Party. Responding to the chancellor, Labour leader Sir Keir Starmer insisted, “Our economy is still shut and our businesses are on life support, so it is right that corporation tax is not rising this year or next.”

Starmer grotesquely compared the “the millions of key workers who are having their pay frozen,” and “the families paying more in council tax and the millions of people who are out of work or worried about losing their job” to “businesses being swamped by debt”.

In anticipation of the budget, on February 18, Starmer delivered a grandiosely titled speech, “A new chapter for Britain,” insisting that the government not increase tax on business, including Corporation Tax, at a time when Sunak was hinting at a rise.

Leading Blairite Alan Johnson in a *Guardian* op-ed this week boasted, “With enterprises struggling, the Conservatives have lost their trust. Labour can now be the party of business.”

“There are those on the far left who think it’s the duty of the party to impose tough taxes on business, and they recoil at the thought of Labour opposing Tory proposals to increase corporation tax,” he wrote. But Labour opposing a Corporation Tax increase was “smart politics.”

It was only the political embarrassment caused by Starmer’s initiative that forced a recalibration, with Labour backing the delayed Corporation Tax increase and Starmer maintaining his stance of “constructive opposition” to the Tories. But had Shadow Chancellor Annelise Dodds delivered a Labour budget it would have likely been more right-wing and anti-working class than that offered up by the multi-millionaire Sunak.