

UK: Johnson government escalates attacks on working class with tax increase and end to pension triple lock

Robert Stevens
7 September 2021

Boris Johnson's Conservative government has announced a National Insurance Contribution (NIC) tax increase of 1.25 percentage points, disproportionately hitting millions of younger, lower-paid workers, to fund an increase in health and social care spending. It will also suspend the "triple lock" pension system—meaning pensioners will be limited to a 2.5 percent increase for the 2022/23 financial year.

Johnson and Chancellor Rishi Sunak announced the changes Tuesday as part of the government's agenda to slash tens of billions of pounds from workers' income, including billions from those reliant on welfare benefits.

Today, the government will vote to end even the meagre £20 weekly uplift that Universal Credit benefit recipients have received since the start of the pandemic. Six million households claiming Universal Credit will lose over £1,000 a year in the largest ever single cut in the history of UK welfare provision. At the end of the month, the furlough job support scheme—under which 11.6 million jobs have been supported since the start of the pandemic—will be withdrawn entirely.

These cuts are aimed at making the working class pay the costs of the pandemic crisis, the ruling class's criminal herd immunity policy and the hundreds of billions handed out to support big business and the super-rich.

National Insurance is a form of taxation paid by workers from the age of 16 until they become eligible for the state pension. It is also paid by employers, at a lower rate proportionally than employees.

From April 2022, workers will pay an additional 1.25 percent in NIC, with National Insurance returned to its previous level in April 2023 and the extra 1.25 percent paid through a newly created "Health and Social Care Levy". The rise will bring the government £36 billion in

revenue over the next three years.

The majority of workers, who earn between £184.01 to £967 a week, currently pay NIC at a rate of 12 percent. The 1.25 percentage point increase represents a 10 percent rise in the NIC rate meaning that a worker on a wage of £20,000 a year will have to pay a further £130 and a worker on £30,000 another £255. However, those earning anything above £50,268 a year only pay NIC at 2 percent for that extra income, meaning the new NIC increase will have proportionally smaller impact on them.

Unlike National Insurance, the Health and Social Care Levy will also hit more than 1.2 million working pensioners—often those with few savings who cannot afford to retire on the pitiful state pension.

Those receiving the state pension will miss out on billions next year due to the suspension of the triple lock system. Under the triple lock, the state pension increases by the rate of inflation, the increase in earnings between May and July or 2.5 percent, whichever is the greater. However, due to anomalies in wage growth caused by Covid, pensions would have risen by more than 8 percent next year. This would have added a further £4 billion to the pensions of more than 12 million elderly (£16 a month each), which has now been taken away at a stroke.

Johnson's claim yesterday that the tax increases will "fix the long-term problems of health and social care that have been so cruelly exposed by Covid" is a cynical lie. His government is responsible for a murderous herd immunity policy which has brought the NHS to its knees, resulted in the deaths of over 155,000 people and turned care homes into killing fields. It has built on successive governments' savaging of the healthcare system and abandonment of social care to cut-price, profiteering private companies.

The fact, as Johnson was forced to acknowledge, that

the number of people on NHS waiting lists could expand to 13 million is entirely the product of his own criminal policies, supported by the entire ruling elite.

The money supposedly being allocated to social and health care is a drop in the ocean compared to what is required to fix this catastrophe. Social care has been a chaotic, privatised mess for decades, forcing many to hand over their entire assets, including selling their homes, in order to pay for the care they need in old age.

A 2019 report by the House of Lords Economic Affairs Committee found that 1.4 million older people had an unmet care need in 2018, while public funding was £700 million lower than 2010/11 in real terms in 2017/18. The Health Foundation reports that an additional £12.5 billion in funding would need to be invested by 2023/24 just to return funding to the already inadequate level of 2010/11.

Johnson has cut the threshold of assets for those required to pay for social care from £23,250 to £20,000. All those with assets over £20,000 up to £100,000 will have care cuts subsidised, paying up to a maximum of £86,000 over the rest of their lifetime. However, as the new means-tested system does not begin until October 2023, some people will still have to pay more than £86,000 in total.

Just £5.3 billion of the £36 billion of revenue being seized from working people in the next three years is ring-fenced to go towards social care, with Johnson stating that the priority was spending the money on an NHS “catch up programme” that would enable “nine million more appointments, scans and operations.”

This too is a fraud. Even with Monday’s announcement of an additional £5.4 billion in NHS funding over the next six months, the health service will remain critically underfunded. According to NHS Providers, which represents NHS trusts, the health service still needs £10 billion next year, beyond the £5.4 billion announced to clear the backlog. Even then it is estimated by NHS leaders that even with £10 billion a year extra, waiting lists could still take seven years to clear, and 14 years if only half as much is available.

By raising National Insurance and ending the triple lock on pensions, Johnson has broken pledges made in the Tories’ 2019 election manifesto. These have been the rallying cry of large sections of the Tory Party and the right-wing media opposed to any additional spending, however unfairly funded, on the elderly and poor—considered “empty eaters”.

The *Daily Telegraph* warned in an editorial that the NIC increase was an “attack on the crucial low-tax, small-

state, Thatcherite core of the Conservative electoral coalition”, urging that “Boris Johnson can still stop Britain’s descent into the welfarist death-spiral that Margaret Thatcher tried to halt by cutting taxes in the 1980s and Cameron/Osborne by reforming entitlements in the 2010s.”

Dan Wootton, writing in the *Daily Mail*, denounced Johnson as a “Tory in name only” overseeing “astronomical tax rises” and “a sprawling and inefficient National Health Service that sucks up billions and billions more each year.”

This obscene conflict between two equally reactionary factions has dominated the debate over social care and NIC in the last few days thanks to the complete absence of an opposition party. Labour leader Sir Keir Starmer’s contribution to the issue was an interview with the *Mirror* in which he said: “Do we accept that we need more investment? Yes we do. Do we accept that NI is the right way to do it? No we don’t.

“But we will look at what they put forward because after eleven years of neglect we do need a solution.”

The party is pathologically afraid of making any statement which might be interpreted as support for increased public spending, to the point that the first mention of a tax rise since Starmer became leader has come from Johnson. While Labour will vote against the plan, and against the termination of the Universal Credit, they do so safe in the knowledge that, given the Tories’ 80 seat majority, these measures will easily pass.

Starmer was sure to confirm Labour’s own Thatcherite credentials in the parliamentary debate yesterday, telling Johnson, “Read my lips: the Tories can never again claim to be the party of low tax.” The inspiration for this performance was a column by Tory arch-reactionary Jacob Rees-Mogg in the *Sunday Express*, in which he quoted US President George H.W. Bush’s pledge in 1988, “Read my lips: no new taxes”, to warn Johnson, “voters remembered those words after president Bush had forgotten them.” The Labour leader, at least, has heeded his advice.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact