

UK: Planned cut to Universal Credit heralds savage assault on workers' living standards

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Yesterday, Britain's Conservative government pulled a vote planned by the Labour Party on scrapping the £20-a-week increase to Universal Credit brought in last year. The uplift is due to end on October 6, on the final day of the Tory Party's annual conference. Cabinet Minister Jacob Rees-Mogg will give an update on the decision to pull the vote today.

Universal Credit is a social security payment rolled out since 2013 as a combination and replacement of several different welfare benefits. It is set at such a pitifully low level that ending the £20 increase will plunge millions of people, including millions of children, into desperate financial circumstances overnight. The withdrawal is the largest one-off welfare spending cut in British history, outstripping the Tories' 1988 slashing of housing benefits and even the 1931 cut to unemployment benefit during the Great Depression—carried out by the National Government under former Labour leader Ramsay MacDonald.

Roughly six million people receive Universal Credit payments, in households containing 3.4 million children. The benefit is a punitive system, offering minimal support, often delayed, and reduced by a host of possible sanctions, reductions and caps. The standard monthly amount for a couple over 25 is £509.91, with an additional £237.08 for a first child. Someone with a disability or health condition which limits their capacity to work, a definition policed with abysmal cruelty, can claim an additional £342.63 a month.

The Joseph Rowntree Federation (JRF) estimates that the government's £1,040 a year cut will immediately throw half a million people into poverty, including 300,000 children. In fact, families with children—especially single-parents—will be disproportionately impacted. The majority of those affected are working families.

In its statement, the JRF used the example of a typical family of five receiving Universal Credit—with three children, one parent in full-time work and one in part-time, living in a medium-cost area—to show the devastating effect of benefit cuts in recent years. In 2013/14, the family would have scraped through at £271 a month above the poverty

line. Today, even with the £20 increase, they are below the poverty line. After the cut, they will be £150 a month below.

Action for Children has carried out a similar analysis and reports that the typical low to middle-income sole-earner family two children will be £1,800 a year poorer come October 6 than they were in 2010.

According to the Citizens Advice Bureau, 2.3 million people will be pushed into debt after October 6 in order to afford essential bills. Save the Children report that 47 percent of people are concerned they won't be able to live on the money they have left, and another 18 percent were unsure.

One hundred different organisations, including charities, children's doctors and public health experts, have written to the government opposing the cut, warning it will cause "immense, immediate and avoidable hardship". Not only are the Tories proceeding, they have refused to publish the analysis of its impact, demanded in a Freedom of Information request by the Poverty Alliance, claiming it would not be in the public interest.

For huge numbers of people, the sudden withdrawal of vital support will come as a painful shock. Surveys have found that between 18 and 36 percent of recipients are not aware of the planned cut, rising to over 40 percent in Greater London and over half among young people.

The axe will fall just six days after the scrapping of the furlough job support scheme at the end of September. The Resolution Foundation estimates that some 900,000 people will still be on the scheme when it ends and, if they do not find a job or leave the labour market altogether, will be moved onto Jobseeker's Allowance at £74.70 a week for the over-25s and £59.20 a week for under-25s.

The effect of these attacks could be far worse than predicted, coming amid a sharp rise in the cost of living. Rents outside London grew 5 percent in the year to the end of July, according to property website Zoopla, an increase of more than £450 a year for the average bill—the largest the site has seen. In areas like Wigan, Greater Manchester, Mansfield, Nottinghamshire, Hastings, East Sussex and

Norwich, the figure is closer to 10 percent. Falls in already sky-high rents in London, as a result of the pandemic, have bottomed out and rents are expected to begin climbing again later this year.

More than 1.5 million households receiving Universal Credit in February 2021 were private renters, 55 percent of whom already did not receive enough housing support to make the rent.

Last month, the UK's energy regulator Ofgem lifted the price cap on energy tariffs to its highest-ever level, leading to the biggest rise in energy bills in a decade for as many as 15 million customers and their families. Eon UK, Scottish Power, Ovo Energy, EDF Energy and British Gas all announced increases of 12 percent—roughly £139 a year.

Petrol prices reached their highest level since 2013 and diesel their highest since 2014 in July. RAC fuel spokesman Simon Williams commented, “Right now it’s hard to see what it will take for prices to start falling again.”

The cost of food is also expected to increase, with the *Financial Times* reporting, “UK retail trade signals prospect of higher food prices”, and Nestle, Procter and Gamble and Unilever all warning of hikes. Prior to the £20 increase, 43 percent of Universal Credit recipients were food insecure.

At the end of August, co-coordinator of the Independent Food Aid Network Sabine Goodwin wrote in the *BMJ* (formerly, *British Medical Journal*) to warn “a perfect storm is brewing”. Food banks, she said, were preparing for “the busiest and most difficult winter on record” as result of the Universal Credit cut and price rises. “The scale of the disaster about to unfold cannot be overestimated.”

The Tories are pushing workers and their families over a financial cliff edge as a whip to enforce their herd immunity-inspired return-to-work agenda and to create as exploitable a labour force as possible as the economy is fully reopened. Confronted with a manifold economic crisis due to COVID and Brexit, the ruling class is seeking to resolve it through a brutal assault on the working class.

Not a peep of opposition has been heard from the Labour Party. The party is a trusted pillar of British capitalism, but the degree to which it categorically refuses to associate itself, even rhetorically, with the slightest suggestion of a redistributive policy is remarkable. Through its efforts, political debate is kept wholly within the bounds set by Johnson's Tory government—the most right-wing in British history.

While pledging to vote against the Universal Credit cut, Labour has done absolutely nothing to mobilise opposition. Its alternative policy, set out by shadow work and pensions secretary Jonathan Reynolds last month, is to rename the benefit and tinker with the taper rate at which it is withdrawn as people earn more income. In Reynolds's words, “We

think the way the system operates, it interacts with people who are in low-paid work, does not work sufficiently well for them.”

Asked by how much Labour would reduce the taper rate, Reynolds did not answer, saying he would need to “cost that properly.” Asked whether Labour would reintroduce the paltry £20-a-week increase, he replied, “I can't give a specific commitment on that at this stage.”

It should be remembered that this is the same party touted by pseudo-left groups like the Socialist Workers Party just a few years ago as having undergone a radical social democratic rebirth under former leader Jeremy Corbyn, whose manifesto offered “a glimpse of jobs, homes and public services for the 99%, protection for our environment—and making the capitalist class pay,” according to the Socialist Party.

The truth is that Corbyn did not change a spot on the Labour Party. His departure as leader has revealed what he, the SP and the SWP did their utmost to conceal—that he spent his tenure in close political collaboration with a party of Thatcherite monsters who cannot distinguish themselves from the likes of Boris Johnson.

The Socialist Equality Party (SEP) warned from the moment of Corbyn's election as Labour leader: “No one can seriously propose that this party—which, in its politics and organisation and the social composition of its apparatus, is Tory in all but name—can be transformed into an instrument of working-class struggle.” This prognosis has been confirmed. The task now for workers and young people is the building of the SEP to lead the working class in the immense class battles that lie ahead.



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