

UK: British ruling elite imposes “historic shock to real incomes” of the working class

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Every household in Britain was hit by a crushing rise in energy bills on April 1. A staggering 54 percent rise in the price cap which energy firms base their prices on means an average annual increase of £693 (from £1,277 to £1,971), or £57.75 a month.

For the 4.5 million people on pre-payment meters, the poorest in society, the price hike is worse, at £708, taking an average annual bill from £1,309 to £2,017 (an extra £59 a month).

Another rise in the cap by a projected 42 percent this October will cost a further £830 a year, cumulatively doubling the average annual bill to around £2,800.

Many customers have reported suppliers more than doubling direct debit payments. Several supplier websites crashed Thursday as customers tried to submit meter readings to pre-empt price rises.

The energy price increase is regressive, with the poorest and most vulnerable hardest hit—those on benefits or with severe medical conditions, the disabled, the working poor, single people and pensioners. Many pensioners now face starvation.

The energy price increase follows Chancellor Rishi Sunak’s spring budget that merely reduced fuel duty by a negligible 5 pence a litre, a measure quickly negated by price rises at the pumps.

Faced with a hike in fuel bills dwarfing any one-off cost of living increase in history, Sunak delivered another kick in the teeth. He would only grant households £200 off their energy bills in October, but this must be paid back to the state by households at a rate of £40 a year over five years from 2023.

The price hike takes place even though between 2016 and 2020 Britain’s main five energy companies pulled in £7.7 billion in profit. It spearheads a broader cost-of-living crisis dragging millions over the edge when 14 million in Britain are already classed as living in

poverty.

As the government fully reopened the economy last summer, Sunak cut the £20 weekly uplift in the Universal Credit benefit relied on by the poorest, including over two million low-paid workers. It was the largest ever one-off cut to welfare benefits in history. What is coming is far worse, and many people will be unable to heat their homes, buy food or travel.

Inflation is surging towards 10 percent, its highest in 40 years. Already between January 2021 and January 2022, food prices increased by five percent. Many food items have surged by over 10 percent and up to 16 percent. Lateral flow tests are now to cost £3 each, or £20 for a box of seven. Broadband, phone, and TV contracts are rising by at least £42 a year.

Petrol is up 39 percent, or £23 per tank. The cost of filling an average family car is now above £90 for the first time. The highest train fare rises for nine years came into force in March after a 3.8 percent rise. An average commuter will now pay £3,263 for a train season ticket, 49 percent more than in 2010.

Among other measures set to seize hundreds more pounds annually from workers are the 10 percent increase in national insurance taxation from April 1 and a rise in the VAT sales tax. VAT in the hospitality sector was reduced to five percent during the pandemic. But last October the cut was partially reversed, going to 12.5 percent, and this week it was back to 20 percent.

Council tax is set to rise by around 3 percent, with payments for those in properties in the average Band D rising by £67 to nearly £2,000 a year. Overall, water bills will increase by 1.7 percent from April, by £7 to £419, but some regions are seeing hikes of up to 10.8 percent.

Bank of England interest rate increases will hit the average family in the pocket by £295.

Taking every increase into account, households face a staggering and unaffordable increase of £2,620 in their bills and other costs.

De facto fuel and food rationing is already taking place, with the Office for National Statistics stating that 34 percent of those reporting rising living costs are using less gas and electricity at home and 31 percent are cutting their food shop. Half have cut back on non-essentials.

Low-income households that spend a far larger proportion of their income on energy and food will be significantly more impacted. The Resolution Foundation estimates an extra 1.3 million people will fall into absolute poverty in 2023, including 500,000 children.

The money being gouged from the working class is meant to claw back the hundreds of billions in public spending during the pandemic, most of which was handed over to the corporations and super-rich. Last week, Bank of England governor Andrew Bailey declared that events in Ukraine had accelerated the stagflation crisis and Britons faced an “historic shock to real incomes”.

Bailey only last month insisted that the cost-of-living crisis meant that workers’ pay rise demands should be opposed.

Friedrich Engels, the co-founder with Karl Marx of scientific socialism, wrote in *The Condition of the Working Class in England* in 1845 that the “social warfare” of the bourgeoisie against the working class meant, “every man’s house is in a state of siege”. He described the “barbarous indifference” of the ruling class to the distress of the population. These observations sum up the agenda of the ruling class today.

It can only organise and impose this historic assault on living standards because it is the agreed policy of not just the Conservative government, but its de facto coalition partners, the Labour Party and the trade unions.

Labour now advances itself as the party of “low taxation”, with Sir Keir Starmer telling the Confederation of British Industry in November that he represented “the party of business... We really don’t think that the solution to every problem is to throw cash at it.” In line with this pledge, Starmer is only calling on the Tories to implement a “windfall tax” on North

Sea oil and gas producers “to reduce those energy bills by up to £600 pounds for those that need it most.” He stressed that this would be a “one off” tax to “deal with the immediate crisis”.

Starmer’s proposal is made only to conceal the fact that workers are being impoverished by companies making a financial killing from the real killing taking place in Ukraine, due to rising global fuel prices. Exxon Mobil Corp’s first-quarter production results, for example, are set for a seven-year quarterly record, with operating profits of up to \$9.3 billion. This takes place as the Centre for Economics and Business Research has warned of four more years of massive energy bills, until 2026, due to a war deliberately provoked by NATO, with household energy costs likely reaching £400 in a single month next winter.

In this desperate situation for workers, what is offered by the still acknowledged head of the Labour “left”? Former party leader Jeremy Corbyn spoke Saturday at a tiny protest outside Downing Street organised by the People’s Assembly, offering as his proposed solution a “price cap on gas and electricity bills and for energy companies to be taken into public ownership”—a policy just as anathema to his own party as it is for the Tories.

The only way workers can oppose the decimation of their living standards is by waging a determined struggle against the Tory government and the employers—rejecting all demands for “sacrifice” so that the ruling class can wage imperialist war abroad and class war at home. This means breaking free of the stranglehold of the trade unions that respond to every attack by the corporations and fightback by workers with a rotten sell out, as they have proved once more this week at P&O ferries.



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