UK: Truss announces £150 billion energy cost relief package

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UK Prime Minister Liz Truss announced an energy bill relief package Thursday, estimated to cost around £150 billion.

She was forced to make necessary concessions, with energy bills set to increase to an average of £3,300 from October and up to £6,600 in 2023 and widespread predictions this would spark civil unrest.

Truss was following in the footsteps of governments across Europe forced to make similar interventions in recent days. Stating that “Extraordinary challenges call for extraordinary measures”, she announced an “energy price guarantee” limiting average annual household bills to £2,500 over the next two years. Retaining the Johnson government’s £400 energy bill discount and the temporary removal of green levies costing £150, means the next bills in October are kept around their current still high level of £1,971.

Truss announced that businesses would receive “equivalent support”, to be reviewed in six months. The cost of the measure is around £90 billion for the household element, with the rest to cushion price rises for businesses.

Truss made her statement amid a growing air of crisis in ruling circles with Speaker of the House Sir Lindsay Hoyle having to intervene during the debate to inform parliament that the queen had been taken under medical supervision at Balmoral Castle, Scotland.

Despite predictions that Truss would unveil a “shock and awe” level of relief for the UK’s 24 million households, the measures are nowhere near enough. Millions will still be unable to turn the heating on this winter or even to cook a hot meal. Over 10,000 people already die in Britain annually due to fuel poverty and thousands more will die this year.

Energy prices remain at record high levels, unaffordable for many. Over the last 18 months energy bills have doubled, with several million mainly poorer people using prepayment meters, and those who pay quarterly bills, paying even more in unit costs. In April household energy bills increased by 54 percent with the energy cap reaching its current level of £1,900 from the previous £1,277.

Truss’s move applies to the unit cost of energy, so there is no overall limit as to what a household can pay. Families with larger households, or with requirements to use more power, will have to pay higher amounts than the headline figure announced by the prime minister.

Rising energy costs are just one element of a cost-of-living crisis, with inflation shooting up to 12 percent last month. Last week the Resolution Foundation reported that the prospect for living standards was “shocking” and “terrifying” as spending power for families would crash by an average £3,000 by the end of 2023—the biggest drop in 100 years.

Prior to the announcement, the media across the spectrum warned that Truss would have to allocate “tens of billions” in support—with the *Financial Times* warning of “the real prospect of unrest over bills this winter.” The FT predicted Truss would “launch a pandemic-sized package”, but such is the scale of the mammoth increase in energy prices that the measures announced dwarf the £70 billion costs of the jobs furlough scheme at the height of the pandemic.

The cost of the package must be ultimately paid for by the working class. The money is being raised in increased government borrowing to be paid back in increased taxation. Not a penny will come from the profits already accrued by gas producers and electricity generators, or the staggering projected profits of £170 billion that they will reap in “excess profits” over the two years of the energy price freeze.

In another boon to the energy profiteers, Truss revealed that further tens of billions in free money will be shovelled at them. “This morning, together with the Bank of England, we will set up a new scheme, worth up to £40 billion, to ensure that firms operating in wholesale energy markets have the liquidity they need to manage price volatility.”

The measure “will stabilise the market and decrease the likelihood that energy retailers need our support, like they did last Winter.”

In another boost to big business, Truss took the opportunity to tear up an election manifesto commitment made by Johnson, stating, “We will end the moratorium on extracting our huge reserves of shale, which could get gas flowing in as soon as six months, where there is local support.” The extraction of shale gas proved so dangerous to the environment and the safety of local populations that it was banned in England in November 2019 after a scientific report concluded it was not possible to predict the magnitude of earthquakes it might trigger.

Truss also announced that 100 new North Sea drilling project licenses would be handed out as part of “accelerating” the extraction of “all sources of domestic energy”.

With estimates that the relief package will take overall UK debt to around £2.5 trillion, any relief can only be temporary. Its cost will be clawed back through savage assaults on the working class including slashing social spending and what remains of the welfare system.

With Britain heavily involved in NATO’s proxy war in Ukraine to the tune of billions of pounds, Truss is committed to the biggest uplift in military spending since the 1950s, with the RUSI thinktank calculating that increasing military spending to 3 percent represents £157 billion going to the Ministry of Defence.

The ability of the ruling Conservatives to remain in power—with Truss the fourth Tory prime minister in six years—and free to impose their agenda or class war at home and war abroad, is entirely the responsibility of the Labour Party and trade union bureaucracy.

Labour leader Sir Keir Starmer’s response to Truss’s statement was typically calibrated not to sound too radical. He called for a windfall tax on the profits of the energy firms, knowing that it won’t happen, with Truss ruling it out even before taking office. Even if such a tax was imposed it wouldn’t touch the sides financially. Backdating it to January and accounting for higher oil and gas prices, as Labour proposes, the tax would raise just £8 billion.

Starmer was careful to advise the government that the tax would not impede the operations of the conglomerates in the slightest, stating, “There is no reason why taxing them would affect investment in the future. Do not just take my word for it. Asked which investment BP would cancel if there were a windfall tax, the chief executive said, ‘None’—his word, not mine.”

As millions of workers move into direct opposition to the government and corporations through strikes and industrial action ballots, the trade unions have stepped up their policing of the class struggle. The latest initiative of the trade union bureaucracy designed to curtail a fight against a government doing the bidding of the corporations is a lobby of parliament announced by the Trades Union Congress (TUC) on October 19.

Ahead of this, the well-heeled bureaucrats in Congress House have ensured that there be no motion mentioning a “general strike” being debated at their upcoming Congress on September 11-14.

The TUC said its lobby was being organised to “tell our MPs: we DEMAND better” and “to support a budget that delivers for working people.” Stating, “We will help you through the process”, the call explains, “the TUC will help you book a meeting with your MP and make the most of the meeting.”