

Sunak prepares scorched earth UK November budget

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Prime Minister Rishi Sunak is readying a UK autumn budget based on up to £50 billion in spending cuts or tax rises.

According to reports it is set to be more devastating for the working class than Conservative government budgets imposed by then Chancellor George Osborne between 2010–16, dubbed by his Prime Minister David Cameron the “age of austerity”, which led to the excess deaths of hundreds of thousands of people.

Sunak’s Chancellor Jeremy Hunt was brought into government nine days ago at the behest of the financial markets and Bank of England, in the last days of the short-lived Truss government, in order to tear up her unfunded tax giveaway budget for big business and replace it with “eye-wateringly” brutal austerity. Naming his new cabinet this week, Sunak ensured Hunt remained in place.

Hunt intended to unveil a debt-cutting austerity plan on October 31, but on Wednesday this was put back to November 17 on the basis that it would become a standard Autumn Statement—in all essentials a full budget.

The *Financial Times* pointed out that Hunt was able to do this as he had thrown out his predecessor Kwasi Kwarteng’s giveaways entirely based on borrowing, thus immediately lowering government borrowing costs in the bond markets. The “calmer markets” had given “the government some economic breathing space”, it stated.

On Thursday, the *Telegraph* reported an assessment by the Resolution Foundation that, based on “the interest rate paid on government gilts reducing rapidly – and the international gas price falling... the delay of the fiscal statement would save the Treasury between £10 billion and £15 billion. Ministers had been facing an estimated black hole in the Treasury’s finances of about £35 billion.” The newspaper declared, “there is growing confidence in Downing Street that more minor changes to public finances than previously thought may be necessary.”

Within 24 hours all projections of smaller cuts were blown out of the water, with three national newspapers and the BBC reporting that the spending cuts and tax rises required would be “up to £50 billion a year.”

Relaying the government’s real intentions and allaying the markets, the *FT* reported, “Ministers were alarmed some media coverage on Thursday suggested that swingeing spending cuts and tax rises could be avoided on November 17, because of an improved outlook for government borrowing costs.” All four media outlets cited a “Treasury source” insisting, “Markets have calmed somewhat, but the picture is still bleak... People should not underestimate the scale of this challenge, or how tough the decisions will have to be. We’ve seen what happens when governments ignore this reality.”

The government calculated that a delay in its budget plans would mean the Office for Budget Responsibility would base forecasts not on data that included the economic volatility of Truss’s time in office, but on calmer conditions. However, in reporting the new £50 billion cuts plan Friday, the *Times* noted, “The OBR has yet to provide final forecasts but is expected to downgrade significantly its March forecast of growth of 1.8 percent next year. The Bank of England and other forecasters are now expecting a recession and the OBR may follow suit.”

The cost of borrowing is still much more expensive for the government than at the beginning of the year, with the *Times* pointing out, “Although yesterday ten-year gilt yields were back at similar levels to before Truss’s mini-budget, at about 3.5 percent, this compares to 1.5 percent in March.”

The *FT* reported, “The huge [upcoming] budgetary tightening of about 2 percent of gross domestic product would be the equivalent of chancellor George Osborne’s austerity Budget of 2010 if most of the amount was secured through spending cuts.” It added, “Sunak and

Hunt met on Thursday to discuss the ‘pretty grim’ fiscal outlook”.

Everything is being considered for the axe, including welfare benefits and the state pension, relied on by tens of millions, by keeping payment increases well below the rate of inflation. According to *Bloomberg*’s Alex Wickham and Joe Mayes, based on sources at the Treasury and Office for Budget Responsibility, “The government has drawn up a menu of 104 options to cut spending to get public finances back onto a sustainable track.”

The *Telegraph*’s Christopher Hope commented Wednesday that he was told by “informed sources that the plans worked up by the Chancellor show that the Treasury is looking at double-digit spending cuts across the board for all departments. One said that Mr Hunt has pencilled in cuts between 10 percent and 15 percent.”

Hunt, who carried out brutal cuts as health secretary (2012-2018) in the Cameron/May governments—demanding £22 billion in cuts—declared after ripping up Kwarteng’s budget “I’m going to be asking every government department to find further efficiency savings.” On Thursday, the *Times* reported that Hunt met with Osborne, “as he draws up an autumn statement expected to set out painful spending cuts and tax rises.”

Sunak and Hunt have been careful not to adhere to any previous spending commitments including a manifesto pledge to maintain the state pension “triple lock.”

Maintaining the triple lock means the state pension and pension credit benefit rise each year in line with the highest of three possible figures: CPI inflation, average earnings, or 2.5 percent. CPI inflation currently stands at 10.1 percent.

Were the budget only to increase benefits in line with earnings, they will rise by just 5.5 percent, costing the poorest around £7 billion annually. According to the Resolution Foundation, tying to earnings would result in annual savings of £5.6 billion if applied to the state pension and pension credit. An additional £2.4 billion would be cut from public spending if the formula was applied to working-age benefits such as universal credit.

Given the importance of the vote of pensioners to the collapsing electoral position of the Conservatives, and with some of the party’s MPs pledged to vote against a budget that axes the triple lock, Tory-backing newspapers are demanding larger cuts elsewhere instead. On Friday the rabidly right-wing *Daily Express* launched a front-page campaign calling on readers to “Join Crusade to

Save Triple Lock”.

Central to these populist calculations is that the government has already saved at least £1.6 billion in pension costs due to the mass deaths of over-65s during the pandemic. Hundreds are still dying from COVID every week, the overwhelming majority pensioners.

According to Office for Budget Responsibility data published in March 2021, with 144,000 lives already lost at that stage to COVID-19 since the start of the pandemic, the Treasury had factored in paying £1.5 billion less in state pensions. The OBR stated that “with virus-related deaths rising sharply again in recent months, we have revised up the number of excess pensioner-age deaths in 2020-21 from 90,000 in our November forecast to around 100,000 in this one.” As a result, spending on pensions fell by £600 million in 2020/21 and £900 million in 2021/22, relative to its March 2020 forecast.

Since March last year COVID deaths have surged to over 209,000, with tens of thousands more pensioners dead.

Savage austerity is being imposed on a working class already bled white. Out of a 68 million UK population, 14.5 million people live in poverty, including 8.1 million working-age adults, 4.3 million children and 2.1 million pensioners.

Research published in September by the Legatum Institute found that even if the previous energy cap on annual average bills stayed at £1,971, another 1.3 million people would be thrown into poverty. Under measures enacted by Truss, average household prices were capped at £2,500. In junking Kwarteng’s budget, Hunt ditched plans to extend the cap beyond next April, when bills are predicted to shoot up to over £4,300 annually.

The most accurate level of inflation, RPI, is heading towards 13 percent, but this is being outstripped by food inflation which has soared to 14.5 percent. For the poorest who rely on budget food items it is even worse, with the cost of these rising by 17 percent.



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