

# UK Chancellor Hunt unleashes class war budget

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Thursday's budget by Britain's Conservative government was a declaration of war on working people, as Chancellor Jeremy Hunt unveiled a £55 billion package of spending cuts and tax rises.

Hunt was brought into government last month under orders from the financial markets, which had just collapsed the pound in response to the unfunded tax giveaways laid out by the short-lived government of Liz Truss.

Hunt tore up that budget, pledging “eye-wateringly” brutal cuts. He was as good as his word. His budget focused on draconian austerity, years into the future, based on crippling real-terms spending cuts. According to the Treasury's own analysis, Hunt's budget leaves around 55 percent of households massively worse off.

As the chancellor delivered his hour-long speech, the Office for Budget Responsibility (OBR) said that, even with cost-of living support factored in, families will lose a staggering 7.1 percent of disposable income over the next two years. A 4.3 percent collapse in incomes in 2022-23 will be the largest since records began in 1956 and the second largest fall in 2023-24 will see families lose 2.8 percent. At a stroke, whatever growth there has been in living standards in the last eight years is being wiped out. Unemployment will rise by 500,000—surging from 1.2 million to 1.7 million.

This is on top of the already staggering drops in income for tens of millions of workers as paltry wage settlements and welfare benefit payments continue to fall way behind inflation. This October, even the lower CPI measure of inflation hit a 41-year high—rising to 11.1 percent from 10.1 percent the previous month. RPI inflation shot up to 14.2 percent. The OBR's bleak assessment is based on its relatively rosy prediction that inflation will peak this year and fall to 7.4 percent next year.

Introducing the budget, Hunt declared, “The International Monetary Fund expect one third of the world's economy will be in recession this year or next”, but the OBR “judge that the UK, like other countries, is now [already] in recession.” He noted, “This year, we are forecast to borrow 7.1 percent of GDP or £177 billion; next year, 5.5 percent of GDP or £140 billion. Underlying debt as a percentage of GDP starts to fall from a peak of 97.6% of GDP in 2025-26.”

Hunt then outlined two new fiscal rules, “that underlying debt must fall as a percentage of GDP by the fifth year of a rolling five-year period. The second, that public sector borrowing, over the same period, must be below 3 percent of GDP.” He warned, “The furlough scheme, the vaccine rollout, and the response of the NHS did our country proud—but they all have to be paid for.”

The media trailed the budget as a resurrection of former Tory Chancellor George Osborne's brutal austerity agenda from 2010-16. But this is far worse. In the eight years to 2019, including Osborne's five years as chancellor, the government carried out a total of around £30 billion in spending cuts. Yesterday Hunt announced £35 billion in spending cuts in one budget.

With inflation heading towards 20 percent, public spending will rise by only 1 percent in real-terms in the next parliament, saving £21 billion, and capital spending will be frozen in cash terms (a £14 billion saving). With a general election set for 2024, Hunt has scheduled the main spending cuts, as demanded by the markets, years into the future. Each subsequent year sees an enormous rise in cuts.

Current spending plans remain until April 2025, but are followed by £11.6 billion in cuts in 2025/26, £23.2 billion in 2026/27, and £36.3 billion in 2027/28, compared to previous plans.

While around 250,000 of the highest earners making above £125,000 will be drawn into paying the top rate of income tax (45 percent) for the first time, as the *Mail* noted, “All workers face paying more in tax as a freeze on the personal allowance, basic and higher thresholds is extended to 2028, dragging people deeper into the system by ‘stealth’. As a result 3.2 million people will be liable for tax for the first time, and 2.6 million more in the higher rate [paid on incomes over £50,271] in five years’ time.”

The National Health Service (NHS) and education budgets receive next to nothing in real-terms. Hunt said that the NHS would have to operate according to “Singaporean efficiency” methods as he allocated it an additional pittance of £6.6 billion spread over the next two years.

The Health Foundation assess that to equal per capita health spending across 14 European Union countries, NHS spending would have needed to rise by an average of £40 billion *per year* in the past decade. Starved of resources, the NHS is no longer able to provide universal health care, with a record 7.1 million people now waiting for treatment, and nearly 50,000 nursing vacancies unfilled.

School-aged education, already suffering an existential funding crisis, will receive even less, getting an extra £2.3 billion annually in the next two years.

Household energy bills have doubled in Britain in the last year and will shoot up again by another £500 to over £3,000 for a typical household next April. Only the most vulnerable will receive any financial support to cope with the bills.

Another devastating blow to workers is the decision to allow local councils to put up Council Tax by a maximum of 5 percent. Around 95 percent of councils—the majority run by the Labour Party—will raise bills by the maximum. In some areas, such as Nottingham, some households will be hit with Council Tax bills approaching £2,500 annually. This will still not scratch the sides of an estimated £2.4 billion collective shortfall for local authorities this year, rising to £3.4 billion next.

Rents for four million people in the social housing sector are to go up, with Hunt announcing that tenants will face increases of 7 percent. But 4.4 million (19 percent of households) who rent from landlords in the private sector—where there are no rent controls—face

even higher payments due to a shortage of properties and passed-on mortgage rate increases. More than five million households will see their annual mortgage payments rise by an average of £5,100 between now and the end of 2024.

Millions of workers over 23-years-old suffer another real-terms pay cut as the minimum wage rises by just 92p an hour, from £9.50 an hour to £10.42 from April 2023. The 9.7 percent increase is already below CPI inflation and over four percent lower than RPI inflation. Vast number of workers are to be forced into jobs on this wage, as Hunt announced that 600,000 more people on the Universal Credit benefit will be obliged to meet a “work coach” to increase their hours or earnings.

Millions of public sector workers face planned government pay settlements of just 2 percent in 2023/24. According to the Trades Union Congress, on this basis “hospital porters’ real pay will be down by £1,000; maternity care assistants’ real pay will be down by £1,200; nurses’ real pay will be down by £1,500 and paramedics’ and midwives’ real pay will be down by nearly £1,900.”

Hunt trumpeted the Tories’ “compassion” as he lifted state pensions, benefits and tax credits by 10.1 percent (September’s CPI inflation level), to come into effect next April, imposing another real-terms cut.

This scorched earth policy could not proceed if a widely hated government were not propped up by the Labour Party and trade union bureaucracy.

The unions have worked flat out for months to demobilise and suppress mass strikes involving hundreds of thousands of workers. In recent weeks, strike votes have been registered by several million workers throughout the public sector, including in the NHS. But the union bureaucracy has yet to hold a single strike in the public sector, as they use these mandates to return to talks with the government in pursuit of yet another below-inflation sellout.



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