

Britain: Tory budget - behind the gloss it is the Same Old Tories

Saturday 18 March 2023, by [KELLAWAY Dave](#) (Date first published: 16 March 2023).

In Dave Kellaway's analysis, the Tory government's budget aims to address the cost of living crisis, but falls short in providing significant support for public sector workers, housing, or the NHS, while offering tax breaks for the wealthy and businesses; Labour's response highlights the need for growth but lacks concrete plans and radical proposals to challenge capitalist control.

Budgets today are all carefully planned and orchestrated. There is no longer the mystique of preventing leaks from the red attaché case that could disrupt the markets. Even the BBC reporter today mentioned the narrative that the Tory government has built up in the previous weeks. They want it to be seen as the 'back to work' or 'preparing for growth budget'. Their friends in the press have indeed already used these terms. Hunt desperately wants to reinforce the idea that competent adults are in charge after the Truss debacle, which forced up mortgage rates.

Sunak wants to manage expectations and make the budget seem like a process helping people deal with the cost of living crisis, so they think things are not so bad. Given the big wage cuts and deteriorating health services people are experiencing, this is not an easy thing to do. His government can only make minor adjustments because it accepts the parameters of a capitalist stagflation crisis that is currently experiencing some banking instability due to the SKB bank collapse. This budget does nothing to pay nurses, teachers, rail workers, postal workers, or other civil servants a wage that can overcome the cost of living crisis. Tens of thousands of these workers rallied at Downing Street and Trafalgar Square to make sure the Tory government heard their protests.

The Tories have had some luck too. Energy prices have fallen due to a relatively mild winter, a fall in consumption, people putting up with colder homes, and governments finding enough non-Russian gas. Sunak had a £30 billion windfall that he has used to hold the energy cap for another few months, provide more nursery care, and keep petrol prices rising further. Some of these policies directly help him progress toward his rather 'soft' target of halving inflation by next year. Given the global recessionary trend and the interest rate hikes, it would be a surprise if inflation did not fall.

Before this budget, polls showed that Labour had a 58-42 percentage point lead over the Tories on how to solve the cost of living crisis. Historically, Labour has been seen as less competent on the economy, so it is difficult to see these polls shifting much after this budget. No mention of settling the disputes in the public sector was made. Mortgages are still going up by hundreds of pounds a month for millions of people as their fixed-rate deals expire. Rents are soaring—a one-bedroom flat in Hackney now goes for £1400 a month. Getting on the housing ladder for young people is harder than ever. The budget gives no real boost to building houses at reasonable prices. Significant new money for the NHS or education was not allocated.

The nursery plans are not as good as they may seem. Apart from there not being enough hours to

help someone working a 40-hour week with travel time to nursery, the figures do not add up. According to the chief executive of the National Day Nurseries Association, Purnima Tanuku, on Newsnight last night, the amount being spent on 15- and 30-hour schemes for children aged three and four is £3.9bn, meaning it is unclear how the system will work if only an extra £4bn is added. Even the normally Tory friendly CBI thinks the new nursery money is well below what is needed. The new money is being phased in, and access is still restricted to term time and to a minimum threshold of parental paid work. Today's (15 March 2023) New Statesman email briefing adds:

The current system is pushing up prices for children of other age groups because of [government under-funding](#), leading to patchy provision. Meanwhile, many of those working in early-years care are quitting because of low pay, scant training opportunities and high stress.

Allocating finance is one thing, but providing the capacity for the nursery places is equally important. Parents may have the right to free childcare for their one-year-old, but they still have to find a nursery. Some have closed or reduced hours recently because of underfunding and staff shortages.

Tories' measures on child care, pension allowances, and incentives for long-term, disabled, and early retirees to get back to work are all about catering to the bosses' needs to fill rising vacancies. Brexit and the trauma of the pandemic (quiet quitting) have exacerbated this problem. It is not out of some great concern for the living conditions of the disabled or sick. The back to work programme involved job centre staff being trained to apply sanctions if these people not in full-time work did not cooperate. Changes to Universal Credit rules allowing child care costs to be paid forward or not cutting the benefit as soon as you take up paid work are not to be opposed, but the system remains rotten to its core because it effectively gives a green light to the very low wage rates in this country.

While the stick is applied to the unemployed and there is not real money for better wages, a tiny minority of wealthy earners are going to benefit by up to £27,000 a year in tax savings as the cap on pension tax-free pots is removed. Labour is correctly opposing this. At the same time, millions of ordinary PAYE taxpayers will experience the stealth tax because the tax thresholds will be frozen. This means your meagre wage increases will continue to tip you over the tax threshold.

Sunak was told not to keep raising the company tax, which was still one of the lowest in Europe. To soften the pill, he has revised tax measures for businesses, which still provide some free handouts for 'investment'. There are £28 billion in tax breaks for businesses, but public spending as a percentage of GDP is set to fall. The huge austerity cuts in local council spending are not being restored.

The presentation of the budget narrative is contradictory for the government. On the one hand, they want to pretend that they have more power to manage the economy than they do in reality and that they are running things. When the economy is less in crisis, they claim the credit. On the other hand, they continuously bow to the iron laws of the economy," by which they mean the capitalist economy, not bucking the market and keeping to so-called rules about how big a deficit or debt you can run. So when they are more obviously in crisis, they claim they can do nothing about it.

To an extent, they are right about the economy not being under their overall control. The capitalists who control the economy make the majority of decisions that have an impact on our economic well-being. In fact, it is not 'our' or the 'national' economy but theirs. The bosses at Facebook, Tesco, or Ford decide your wages and whether you have a job next week. Currently, there are tremors in the stock market due to worries about banks holding large tech assets.

People's taxes were used to bail out the banks in 2008. Banks then were making huge profits on

subprime mortgages because governments, including Blair's, had deregulated. Of course, while governments generally let capitalists and markets rule, they bail them out with workers tax money when their system fails. Capitalists always extoll the virtues of risk-taking in improving the production of resources we are supposed to need, but this principle is ignored when they need bailing out. Currently, we are in the middle of the biggest wage slump since 2008. Wages have not recovered to the pre-COVID level.

Of course, as socialists, we think a workers government could intervene and change things, but only if they had the perspective of challenging the very laws of the capitalist economy. One reason why Corbyn was demonised and in part destroyed by the mass media was that he was challenging, in a limited way, the consensus on how the economy supposedly works. There are measures a government, backed by a mobilised workers movement, could take to alleviate the cost of living crisis and lay a path toward a green transition for a fairer society.

Such transitional measures stand on two legs—one redistributive and the other green. The body moving the legs has to be a combination of a progressive government and an increasingly self-organised labour movement.

Labour accepts the same basic narrative about 'our economy,' 'spending beyond our needs,' 'a partnership between workers and business,' and 'getting the debt down'. Like Blair in 1997, they are deliberating lowering expectations about measures they will take to improve workers living standards. They say that the Tories have done so much damage to the national economy that they cannot spend too much since this would scare business and the markets.

Brown and Blair stuck to the previous Tory government's spending targets. Starmer and Reeves are basically repeating that constraint, which will have implications even for any progressive measures such as the green energy plans. If you read all the policy documents, which I had the dubious pleasure of doing for the discussion in my local labour party to prepare the policy forum, you will see hardly any variance from the pro-business narrative of the Tories.

Their starting point is that the capitalist economy is basically the only sound model, but it has been messed up by 13 years of Tory misrule. Apparently, all was sweetness and light when Blair and Brown were in command. The systematic exploitation and consequent gross inequality of capitalism are not recognised and therefore not properly analysed.

Labour does propose more state intervention, most of which looks like big handouts to businesses participating in partnerships on a more local or regional basis, but generally without any quid pro quo. Indeed, the budget has copied parts of Labour's reforms for the local investment hubs they will be setting up. Like these Tory plans, a labour government would hand over money to capitalists but leave them basically in control and able to bank the profits they make after taking tax payers' money. To take one example, the new green energy company looks like it will stand alongside existing energy providers and supplies, which will remain in private hands.

Starmer's immediate response to the Tory budget was to say it was still not the true road to growth. He went on again about making Britain the number-one country in the G7—he sounds like a demented football manager. Some correct denunciation of a budget for the rich but just banal promises of better living standards and services without a concrete plan or any challenge at all to the capitalist control of the economy. His emphasis is still on growth without raising its sustainability or the need for redistribution. We should support Labour's green energy plans; they are better than the Tories' project and will make a difference. It should involve common ownership of all energy sectors and not involve nuclear.

The current strike wave, in which hundreds of thousands of workers took action on Budget Day, shows us how working people can act as a group to challenge what the owners of the economy are against: decent wage increases and fixing our education, health, rail, postal, and other public services.

As socialists, we support any progressive policies that Labour puts forward, but we also need to put forward radical transitional demands that can actually defend workers' living standards and improve services. Here are just a few policies:

- greater taxation on the one percent with wealth taxes;
- increase and extend the windfall taxes—let's include other companies that have made big profits over the past few years during lockdown, such as supermarkets and banks;
- a tax system that is much more fair and redistributive, and welfare benefits that are based on the average wage;
- the capital gains tax should be aligned with the tax rates on personal income; currently, rich asset holders pay less tax proportionally than you and me;
- common ownership of all utilities—as is Labour Conference policy but now abandoned by Starmer;
- a sliding scale of wages that goes up and down with inflation to protect workers from the rising cost of living;
- the money raised this way will be used to restore spending on health and education and to pay for a full social care service that is owned by the public;
- Labour should be saying that if we raise this money, we go beyond the 30 hours of free child care for 1 and 2-year-olds to make it start earlier and for more hours. We also need a publicly run nursery system so new capacity can be created;
- a social tariff for energy should be introduced and the energy cap maintained at a lower level.

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P.S.

• Anti*Capitalist Resistance. 16 Mar 2023:
<https://anticapitalistresistance.org/tory-budget-behind-the-gloss-it-is-the-same-old-tories/>

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