

Britain: Civil service plans 20 percent “doomsday” cuts in public spending

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The July 5 *Sunday Times* reports what it describes as “Secret ‘doomsday’ plans for 20% cuts in public spending” being prepared by senior civil servants.

The *Times* writes of “detailed dossiers” outlining cuts that are “far deeper than the more modest savings being proposed by Labour and Conservative politicians.”

Both parties are reportedly under criticism by civil service mandarins for underplaying the scale of cuts demanded by a “prolonged recession and a collapse in tax revenue,” with even the Conservative’s pledge to make cuts of 10 percent viewed as inadequate in the face of a £175 billion budget deficit.

“The dossiers will be handed to cabinet ministers the day after the next general election, whichever party wins,” the *Times* states. “The final ‘doomsday’ reports will be written up only in the three weeks before the general election to reduce the risk of leaks. The documents will be colour-coded: blue paper for a Conservative victory, red for Labour and yellow for a hung parliament with the Liberal Democrats holding the balance of power.”

The demands of the ruling elite for an offensive to be mounted against jobs and vital social services are coming thick and fast.

Coinciding with the *Times* report, Steve Bundred, chief executive of the Audit Commission, wrote in the *Observer* that a pay freeze should be imposed on Britain’s six million public-sector workers. He also accused party leaders of not being honest about the need for cuts, even in health and education.

A £50 billion package of spending cuts and tax rises would be necessary to reduce national debt, he wrote, but no politician had admitted that “severe pay restraint,” as well as job cuts, were necessary. “Nothing should be off limits,” Bundred continued, with health

and education spending included in any cuts. Public-sector workers should “tolerate some modest real reductions in earnings.”

“Since 1997 we have employed 32,000 more teachers, 100,000 more teaching assistants and 70,000 more support staff, but we’ve got 80,000 fewer pupils,” he said, implying that tens of thousands of jobs must go.

Writing in the *Daily Telegraph*, Simon Heffer described what he called a “golden opportunity” now looming. After noting that Treasury officials are suggesting public spending cuts of 20 percent, Heffer responds, “It sounds good to me... There is no easier way to save money than by sacking people from the public payroll.”

As to the scale of job cuts, Heffer states that “a defence expert recently told me that 25 percent of the 100,000 civil servants at the Ministry of Defence could go without any detrimental effect to our defence capabilities. That is just one example.”

Following a Tory victory at the next general election, “A massive redundancies programme among non-frontline workers in the public sector must be [Conservative leader David Cameron’s] first priority.”

Behind the scenes, both Labour and the Conservatives are well aware that only such unprecedented cuts will satisfy the demands of big business that workers pay for the economic crisis.

The *Sunday Times* reported that Prime Minister Gordon Brown even faced “a mutiny” over his refusal to admit that any future Labour government would have to slash public spending. His advisors had threatened to quit if he did not remove strategy adviser, Northern Ireland secretary Shaun Woodward, who they blame for encouraging Brown to make misleading claims on spending.

Woodward, a defector from the Tories, is denounced for having encouraged Brown to attack his former party for planning cuts, a line bitterly opposed by top Labour figures including Business Secretary Lord Mandelson, who refused to take part in a No. 10 strategy meeting “until Woodward was ejected.”

The Conservatives have been in extensive discussions with a delegation of Canadian politicians who helped impose massive spending cuts after the Liberals returned to power in that country in 1993, including Jocelyne Bourgon, formerly one of Canada’s top civil servants, and Marcel Massé, a former federal cabinet minister. Over four years the government in Ottawa cut public spending by 20 percent and public employment by a larger percentage.

On July 7, the *Times* reported an “extraordinary meeting” that “could determine the future of public spending in this country.”

Organised by the Institute for Government, a body funded by Lord Sainsbury, Labour’s biggest donor when Tony Blair was Prime Minister, the meeting was dedicated to examining the lessons to be learned from the Canadian experience in regard to imposing cuts. Chairing the meeting of senior civil servants and Conservative frontbenchers was cabinet secretary, Sir Gus O’Donnell, the civil servant charged with advising the government.

Though not in attendance, Brown was obviously sent a message and heard it loud and clear. The *Times* reports that, in cabinet, he now “agreed that the Government’s message had been too simplistic and that Labour could no longer continue to deny that there would be spending constraints whoever won the next election. It was an important climbdown for the Prime Minister and a victory for Alistair Darling and Lord Mandelson over Ed Balls and Shaun Woodward. According to one minister the new dividing line will be ‘nice Labour cuts versus nasty Tory cuts’.”

“Nice cuts or nasty cuts; old or new cuts, amputation or keyhole surgery—either way it’s not going to be fun,” the *Times* commented.

The next weeks and months will see both parties seeking to outdo each other in their pledges to the financial elite to slash public spending. Chancellor Darling this week warned that government spending must be reined in, and that wage levels for teachers, doctors, nurses and civil servants must reflect

conditions in the private sector.

The Tories are reportedly reviewing public sector pay and pensions, “reconsidering what treatments the NHS [National Health Service] provides and drastically reducing the benefits system.”

John Philpott, the chief economist and director of public policy for the Chartered Institute of Personnel and Development (CIPD), has estimated that the fiscal squeeze implied by government spending plans already announced will result in a total of 350,000 job cuts—casualties of a “bloodbath in the public finances.”

The jobs massacre that is being prepared, in the public and the private sector, exceeds even this estimate—fueled by the deepest recession in living memory. Erik Berglof, chief economist at the European Bank for Reconstruction and Development, has warned that “I don’t think the worst is behind us,” while World Trade Organisation Secretary-General Pascal Lamy insisted July 7 that “the worst of the crisis in social terms is still to come, which means that the worst of the crisis in political terms is still to come.”



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