

# IN PLACE OF AUSTERITY

A PROGRAMME FOR THE PEOPLE



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# AUSTERITY — A CRIME AGAINST THE PEOPLE

Speaking on behalf of the rich and powerful, the Tories and most of the mass media have told us for almost a decade that austerity is necessary for “deficit reduction” and economic recovery following the financial and economic crisis of 2008.

They even tell us that the crash, and the recession that followed, were not caused by bankers and speculators and their crisis-ridden system, not by the big monopoly corporations and their unscrupulous search for profit, nor by the politicians and their deregulation of the financial sector. They still insist the crisis was caused by too much public spending, not least on public sector workers’ pay and pensions - local government staff, health visitors, carers, park attendants, firefighters, nurses, doctors, technicians and so on... it was all their fault.

Almost every year the government cuts the top rate of income tax, reduces corporation tax on company profits, squeezes benefits for working parents and for the unemployed and disabled. The Tories have told us that when it comes to tackling the deficit ‘we’re all in it together’... but we all see plainly that “austerity policies” always make the poor poorer and the filthy rich even filthier.

So, many people now say that austerity policies have failed – and indeed deficit targets are routinely “missed”, and there has been no debt reduction... in fact it has steadily grown from under 40% of GDP in 2008 to just under 90% in 2017. But the real aim of austerity was to stabilise the post crisis economy in favour of the bankers and big business billionaires, raising the rate of profit at the expense of the working class. In that they have succeeded, and will continue to do so, if we let them.



# FROM PROTEST TO FIGHTING TO WIN

The People's Assembly Against Austerity was founded in 2013 because we understood the need for a focused movement not just to protest, but to defeat austerity. It was founded by previous anti austerity organisations – The Coalition of Resistance and The People's Charter formed in 2008. We brought together a wide range of campaign and protest groups to form a movement firstly to expose the lies and deceptions of the political, business and media establishment... and to give the people the opportunity to make their voices heard.

In that we have been successful. No-one believes any more that “we are all in it together”, that the crisis was caused by too many services, or that austerity is unavoidable. The People's Assembly and all the individual anti-cuts and privatisation campaigns, have brought hundreds of thousands of people into anti-austerity action at national and local level, and have organised some of the biggest public demonstrations ever seen in Britain. We have fundamentally undermined the lies and deceptions of “austerity politics”. We are helping to make history.

It was this growing mass movement – aiming to reach down deep into communities and union memberships – that created the context for the “anti-establishment mood”, and for the determination to bring about radical change in politics – notably in the leadership of the Labour Party, from the neoliberal austerity mongers of the Blair government, to the progressive leadership of Jeremy Corbyn. The results of the Labour leadership elections, and Labour advances in the General Election on an overtly anti-austerity, left programme could not have occurred without the consistent development and work of our anti-austerity, anti-privatisation movement since 2008.

**Now it is essential that we, together with the Trade Unions, continue to build that mass movement further to force the Tories out of office and to sustain a future anti-austerity progressive government - which of course would be under fierce attack by the bankers, big business monopoly corporations and their pet politicians and media. This is the clear aim of the People's Assembly.**

We need to pull people together to take on the government, and the big monopolies and finance interests who are behind them and who are so determined to turn the screw on us. As Frances O'Grady, General Secretary of the TUC said at the 4000 people strong founding conference of the People's Assembly "We are facing a class war". We know that this will not end in a draw. Either we defeat those who are attacking us, or they will inflict a defeat on us. Right now there are great opportunities... together, we need to seize the time!

We demand a people' alternative to defeat austerity and to make a positive future for ourselves, our families and our communities. This "Programme for the People" begins to map out that alternative.

## **THE REAL AUSTERITY AGENDA**

Austerity policies have never been primarily about improving Britain's finances, eliminating the deficit or drastically reducing the National Debt. If they had, the financial markets would have punished the pound sterling and government bond issues on each occasion since 2010 when the government has had to announce missed deficit reduction targets and that the National Debt is projected to rise still higher.

Far from stimulating the British economy, promoting growth and thereby generating extra tax revenues for the Treasury, austerity measures have delayed, choked off and then stunted economic recovery. Despite this, the Government continues to receive accolades from the City bankers and speculators – faithfully echoed in most of the mass media – who know which side their bread is buttered, and who continue to fund the Tory Party from their lavish incomes and profits.

They understand – as does the People's Assembly – that this Tory government, like its predecessor, is a class based government carrying out a big business and bankers' agenda at the expense of the working people of Britain . They want to see that continue. That's why austerity policies have meant:

- Pay freezes and even lower pensions for most public sector workers. Between 2008 and 2015 real pay declined by 14% (GMB). Low inflation in 2016 reduced that decline to 10.4%. Now with growing inflation, and continuing pay caps, the decline is planned to continue (OECD/TUC) – adding further to the number of workers on poverty wages, forced to claim benefits.
- Public sector pay caps - real pay cuts - have set a standard of decline where private sector average real hourly wages have fallen even faster in the wake of the recession (Institute of Fiscal Studies)
- A fall of 15.5% in public sector jobs – 1 million jobs lost. (GMB/TUC)
- Many public and private sector workers forced into unemployment, “self-employment”, zero hours contracts or insecure and casual work – often necessitating more support from public funds
- More than one in five private sector workers, 7.1 million people, are now in precarious employment where they could lose their job without notice – up from 5.3 million in 2006 (Philpott/Guardian)
- Almost 1 million workers are on zero hours contracts, an increase of over 100,000 in 2016 (ONS)
- Half of the “self-employed” take home less than two-thirds of the median earnings. Two million self-employed people now earn below £8 per hour.(UNITE)
- 16% (2.24million) of women workers have more than one job to make ends meet. Half a million of them have three jobs or more.(OnePoll)
- Massive cuts and backdoor privatisation programmes in the NHS, state education, housing and other major parts of welfare state provision
- Local government services and facilities such as day care centres, libraries, home help, sports and leisure centres, youth clubs, care homes,

social work, advice and counselling services, legal aid, parks and gardens, environment protection, refuse disposal and bus services are cut back, made more expensive or closed down altogether.

- Less investment in community infrastructure as capital spending is further reduced on school buildings, hospitals and clinics, roads, council housing and neighbourhood safety.
- Less funding for charities and voluntary organisations to combat poverty, drug addiction, mental illness, sexual abuse, domestic violence, crime and anti-social behaviour.
- Huge cuts in public support for the arts and culture at every level, including severe reductions in funding for public sector broadcasting through the BBC and S4C.
- The Bedroom Tax and cruel cuts in social benefits or tax credits for the low paid, poor parents, the unemployed, sick and disabled.
- All this and much more has been the subject of successive Government budgets - see panel below for the detail!

## RECENT GOVERNMENT BUDGETS

**IN HIS JULY 2015 BUDGET**, Chancellor Osborne set out his scheme to eliminate the deficit by 2019/20. He stated his aim to reduce government borrowing by £97bn over the following four years by slashing £33bn from the welfare budget and raising £12bn through tax reform. That still left £52bn to be saved by other means – including the cuts of between 24 and 40 per cent in departmental spending. . While under huge pressure the November 2015 Autumn Statement withdrew the most drastic cuts to working families' tax credits, austerity continued to increase inequality in our society.

**THE MARCH 2016 BUDGET** confirmed that austerity involves a huge shift of wealth through cuts for the poor so that more of it remains with the rich. At the same time as Osborne was taking a fresh axe to benefits and tax

credits, especially in relation to families, housing, young people and children, he was promising income, inheritance, corporation and bank levy tax cuts for the rich and big business to the tune of more than £10bn.

His proposed cuts in disability benefits (PIP) would have ended up losing 370,000 people an average of £3,500 a year, amounting to a total of up to £4.5bn once the 'knock-on' effects were counted as well. Following strong opposition, another U-turn saw this particularly vicious austerity attack on disabled people temporarily dumped – but the Tories have since sought to surreptitiously reinstate it by further limits on those who can claim.

A further budget “promise” to privatise all schools by 2020 through the “Free Schools” and “Academies” programme was also dumped by Government in the face of opposition and threats of action by teaching unions.

In the 2017 Budget Chancellor Hammond continued down the austerity route after the Tories had thrown Cameron and Osborne to the wolves following the BREXIT vote. Nominal budget increases to government departments were shown by the official inflation figures to be a real terms cut.

The budget provided £325m to the NHS to accelerate the NHS “slash, trash and privatise” STP plans, which overall contain cuts of £22bn. A further £2bn for social care was spread across three years — which means that the funding gap will reach £3.5bn by 2020, with much of the money going directly to private sector provider and their shareholders in profits and dividends.

The 2016 budget also introduced “Further Education Maintenance Loans” for 16-19 year olds in technical education — saddling even younger students with debt. More money was planned for the privatisation of education, directly funding 110 new free schools while cutting general schools funding by £3bn by 2020, Public pressure and threats of action by unions saw this privatisation policy withdrawn – at least temporarily.



The Higher-Rate income tax threshold was raised to £50,000 by 2020 — a giveaway to the richest 15 per cent of the population - while Personal Income Tax Allowance was raised only to £12,500 by 2020 — doing nothing for the 20% of workers who aren't paid enough to reach the threshold. The ISA tax-free limit was raised to £20,000 — no benefit to the average family with just £3,134 in savings - or the poorest 25% with an average of just £95. With sleight of hand he raised “national living wage” to £7.50 but “revised” it down 25p to £8.75 in 2020 — making minimum-wage workers £500 worse off a year.

Hammond also announced a rise National Insurance for “self-employed” workers over two years. The large increase in numbers of self employed (3.8 million to 5 million since 2008) - due largely to redundancies, and to employers avoiding the costs of direct employment - has been mirrored by a large reduction in the average income of self employed workers – made worse by this planned increased NI. But Hammond also faced such opposition on this, that within days this particular attack was abandoned – though the Torie continue to argue the “justice” of it!

## POVERTY

The capitalist class offensive continues, despite Theresa May's absurd claims that the Tories are “the party of working people”. The wealth gap is widening. Poverty is increasing.

A wide range of studies (Warwick Centre for Human Rights in Practice) have illustrated how austerity has hit particular regions, nations and sections of the population disproportionately hard, creating deprivation and poverty. The conservative Institute for Fiscal Studies calculates that the aggregate tax and benefit changes have cut deepest into those household with the lowest incomes, hitting those with children hardest of all.

The Joseph Rowntree Foundation calculates that there are 13.5 million people in poverty in the UK, 21% of the population. 2.7million of them are children

Today one in five workers earn less than the living wage. 55% of families living in poverty have at least one member employed - but on poverty

wages. Of the 13.5 million in poverty, more are in work than unemployed.

“Poverty Premium” payments cost families living in poverty on average £490 more a year than the rich pay for the same services.

The number of tenants being evicted from their homes as a result of poverty has grown by a third: 10,000 more tenants lost their homes in 2015 than in 2003.

## AUSTERITY IS WORKING

Austerity is working – but only for the richest and most powerful class of people in Britain. They want to roll back all the social gains won by working people over the past 70+ years in terms of public services, the welfare state and employment and trade union rights. They wealthiest 10 per cent want more financial and economic deregulation, and tax cuts for themselves, while slashing state spending still further as the remaining, potentially profitable, public services are handed over to big business.

They want the Tory government to further restrict our rights to organise, demonstrate and take industrial action when we already have some of the harshest laws against democratic freedoms in western Europe.

This is the outcome they want to see from BREXIT. Many people who voted against BREXIT did so because they feared what the next steps might be in austerity Britain. But many who voted to leave the European Union did so because of its fierce imposition of austerity economics and politics across Europe, its anti-union directives and court judgements, and EU punishment of the people of countries that dared to vote for anti-austerity governments. We need to unite those who voted either way in the referendum in favour of a “People’s BREXIT” – and integrate this into our growing movement

The Tories boast that more people than ever are in employment in Britain. The claim is utterly meaningless: world wars aside, the number of

people in work has risen almost every year since the end of the Black Death in the 14th century, as the population has grown.

While private sector employment has risen, around three-quarters of the extra jobs are part-time, with workers seeking full time jobs forced into them by threat of sanctions. For the stats, one ex full-time worker, now with two part-time jobs equals, in Government speak, two jobs – a 100% increase in the numbers in work!

Many more jobs are “self-employed” – a much trumpeted “growth area” and Government claimed success story - as workers try to survive in the precarious world of “small business”, and face long hours, low income, no pensions etc.

Many more “new jobs” are low paid and precarious, especially those of workers on zero-hours contracts whose number has soared to just under 1 million.

While unemployment figures have indeed reduced, not least because so many people who need full-time or part-time work are excluded from the official figures by reclassification or unfair benefit sanctions, there remain 1.7m million people on benefits and registered as unemployed. Even in the face of statistical manipulation, nearly 600,000 young people are registered unemployed, 13.6 per cent, with many forced to face oppressive sanctions and benefit suspensions.

The slump in people's living standards is the biggest since records began in 1856. There has been a massive growth in payday loan shark companies, with annual interest rates of between 4,000 and 6,000 per cent. The use of food banks has exploded with over a million families using them in the course of last year to put a basic meal on the table.

Yet there have been winners, thanks to the austerity policies of successive governments:

Putting together figures from a recent Credit Suisse report on wealth inequality in Britain, together with others from Inequality Briefing and the

High Pay Unit, we find that the richest 1% of the population own about 25% of all the country's wealth - the same amount of wealth as 60% of the population together. The richest 5% own a massive 44% of all wealth. The richest 10% own over half – 54% - of all wealth. The least wealthy 50% of the population share only 2% of all wealth, while the poorest 20% own 0.8% - with many of these owning no wealth at all, being in sustained and deepening debt. The wealth gap is widening, and has been throughout the economic crisis.

- Average annual salary of the top 100 FTSE company chief executives in 2016 was £4.53million. It would take a worker on average pay (£28,000) 160 years to earn what the CEO earns in a year. In other words, the CEO earns in two to three months what the average worker would earn in a lifetime. These figures include a slight decrease in CEOs average salary in 2016...they had previously risen steadily throughout the economic crisis to an average of £5.44million in 2015. The High Pay Unit attributes this one year decline to increased public awareness and opposition to the spiraling wealth and income gap, leading to revolts by small shareholders and forcing government to threaten to introduce “a corporate governance bill with recommendations concerning pay ratios.” It warns that if, as seems likely, “the Government vacates this space, CEO remuneration will accelerate once more.”

- Company profitability has risen from an average rate of return of 9.5 per cent at the depth of recession in 2009 to 12.7 per cent in 2017. Meanwhile, successive Governments have reduced the rate of Corporation Tax on company profits from 30 per cent in 2008 to 19 per cent in 2017 – the lowest in the G20 – and planned to be reduced again to 17% by 2020 .

- The banking and finance industry made an annual profit of £90 billion profit and paid out around £7 billion in bonuses on top of their already huge salaries. Banks, hedge funds and other holders of government bonds have been paid £375bn in ‘Quantitative Easing’, much of which has been ploughed into reserves, takeovers and financial speculation instead of being used to stimulate the productive economy including housebuilding.

Furthermore, not content with the historically low rates of taxation now applied to high incomes and corporate profits, as revealed in the Panama Papers leaks, the wealthy and big business engage in tax dodging on an industrial scale.

HM Revenue and Customs estimates that it fails to collect £35bn in tax every year, £8.8 billion from big businesses. In total, around £100 billion tax is lost through 'legal' avoidance and 'illegal' evasion. Ninety-eight of the FTSE 100 top companies in Britain have a total of 8,000 subsidiaries registered in overseas tax havens for tax dodging purposes.

These lost revenues could be used to fund public services, investment in housing and infrastructure and reducing the financial deficit and its interest payments. Instead, successive governments have imposed austerity on the mass of the people and added more than £586bn to Britain's National Debt since 2010. Over the same period, public sector capital investment has been slashed from 3.2 per cent of GDP to 1.8 per cent.

And this Tory government intends to continue austerity policies until at least 2022, with two-thirds of the cuts still to come – if we, the people, allow it.

## **PRIVATISATION**

Austerity has also played a central role in driving forward the privatisation agenda of the Tories and their corporate paymasters. While many public services are being wiped out, not least through the huge cuts in central funding for local government, the potentially most profitable services – notably health and education have been lined up for privatisation. This was the main motive behind the attack on public sector pension rights at the outset of the austerity offensive. Reducing the costs to the current employer, and thereby to the potential private sector provider of the service, by forcing public servants to pay more into their pension funds for less in return, is a vital part of the preparation for wholesale privatisation.

**PFI** In order to keep down short-term borrowing and taxation as per EU policy, the government's Private Finance Initiative and similar schemes have enabled the private sector to make huge profits out of mostly 25 or 30 year contracts to finance and manage public facilities and services. By 2050, taxpayers will have paid at least £301bn in unitary charges for assets worth £55bn. The annual cost in unitary charges paid to contractors under 719 or so PFI schemes is currently running at £10bn.

**THE NHS** has been attacked through fragmentation and privatisation for many years. Expensive PFI schemes burden trusts with debt for decades, paying big profits to big business and reducing the money for care. The NHS will end up paying more than £85bn for existing PFI projects with a capital value of less than £13bn. Annual charges paid to PFI contractors are now running at more than £2bn, helping to plunge a quarter of all NHS hospital trusts into the red.

The Health and Social Care Act has entrenched and deepened the marketisation of the NHS with hospital pitted against hospital and Trust against Trust. The top-down reorganisation of the NHS cost £3billion and has opened the door to the private sector. It has made hospitals and health centres operate as private businesses in competition with each other for skilled staff and essential resources. There has been an increasing use of expensive 'agencies' to provide exploited hospital workers on worse conditions often enticed from poor countries that need their skills, and increased referral of NHS patients to the private sector.

The so-called 'right' to choose private hospital treatment for those 'profitable' areas of treatment has robbed the NHS of the public money needed to offer the full range of treatment, while the private sector will not touch unprofitable treatments unless public money guarantees them a profit.

The current development of "Sustainability & Transformation Plans" is aimed at delivering a £22billion cut to the NHS. Clearly this would result in a dramatic reduction in NHS standards across the board: the Government plans a loss of public confidence in the NHS, providing further impetus for the profit driven private health sector.

**EDUCATION** The state education system at all levels, from nursery education to HE (including primary, secondary, adult, community and Further Education) is being subjected to huge cuts, fragmentation and privatisation.

The £3billion shortfall in schools funding is resulting in schools losing resources across the board, including huge numbers of staff. The Tories promise £1.3billion “extra spending” for schools budgets - leaving the remaining £1.7billion unmentioned. The £1.3bn is not “extra” at all but diverted from money already committed elsewhere in the education budget.

Democratic local authority control is being swept away by a combination of cuts and – especially in England – academies and ‘free schools’. The proliferation of education ‘consultancies’ and management companies shows that big profits are available to the educational privateers. Cuts in educational support services have opened up the sector to privatisation giants such as Capita, Serco and G4S, who make quick profits for often very poor services, letting down our children and vulnerable communities.

The Chancellor's bombshell announcement in his March 2016 Budget that all English primary and secondary schools would be turned into academies, regardless of the wishes of local communities, parents and staff, would have handed a bonanza to the business and religious interests who will be subsidised to buy them up. The Government modified this proposal for the time being in the face of huge opposition and threats of action by teaching unions... but watch this space.

‘Sure Start’ provision and children’s centres have been closed to develop a market in which the private sector can further profit from parents desperate for childcare places in a society where we work the longest hours in Europe. Many of our most disadvantaged and deprived children, including those with special needs, are being left high and dry.

Further Education has been hit hard by the abolition of the Education Maintenance Allowance and its replacement with a loan, preventing many

young people from continuing in education beyond 16, or forcing them to work in part-time McJobs jobs to make ends meet. Faced also with cuts in the youth service, young people are struggling to improve their prospects for the future

Continuing cuts in universities and colleges, combined with massive increases in fees, are putting Higher Education beyond the reach of many working class young people who don't want a working lifetime of debt. Fee increases and cuts in adult education budgets are turning the notion of 'lifelong learning' into a sick joke.

**HOUSING** There is a housing crisis across Britain and homelessness is at an all-time high. Recession, unemployment, poverty, the Bedroom Tax and removing Council Tax rebates is resulting in many more people losing their homes through repossession and eviction, and young people unable to leave parental home.

There is already a need for three million new homes, yet council house building is at an all-time low, while speculative private builders only follow the money. Local authorities have been bullied into transferring their housing stock to private ownership or 'arms length' and other social housing bodies – and now the Tory government intends to force housing associations to sell their homes into the private sector.

Rents are rising dramatically towards commercial rates, which combined with cuts in housing benefit is forcing many working class people out of their traditional communities. In effect, especially as private landlords evict tenants for property redevelopment and sale, we are witnessing the 'social cleansing' of our cities.

Construction workers stand idle, families live in overcrowded homes, one in three council houses are in need of repair and waiting lists grow. Austerity cuts deep into this vital aspect of our quality of life and the market is not the solution.

The tragedy of the Grenfell fire – housing for working class people “just managing” in the most wealthy part of Britain – illustrates only too clearly



the class nature of the housing crisis. Our people died in substandard housing - the improvement of the appearance of the building so as not to offend wealthy neighbours being a much higher priority than the safety of those who lived there.

**RAILWAYS.** The privatisation of British Rail demonstrates just how inefficient and costly services can be when delivered by the private sector, as well as how it usually lines the pockets of wealthy directors and shareholders.

Public money going to railways has more than doubled since privatisation, not least when it comes to infrastructure investment – almost all of which will be paid for with public money.

The cost of rail fares has risen in real terms by 24 per cent, with fat profits for those who operate the franchises. We have the most expensive fares in Europe with the most fragmented network, while other European countries have efficient national rail services with most if not all of them in the public sector. . . though the European Union's new "Fourth Railway Package" insists that all European railway systems must be open to private ownership by 2019. . . the European Parliament "hoping" that it can be phased in, while agreeing it should become compulsory.

When privateers couldn't make a profit on the East Coast Mainline, they handed it back to the state where it became the most efficient and profitable segment of the railway, returning nearly £1bn to the Exchequer since 2009. Yet public sector operators have now been banned from bidding for this and other new franchises, even though the majority of the competing companies are state owned – by French, German, Dutch or Belgian nationalise railway operators!

The struggle of the rail unions against staff cuts and "Driver Only Operated Trains" has won huge support from the public, and illustrates very well the different priorities of profit driven provider companies, and service and safety driven railway workers and the public

**ROYAL MAIL** Opening up postal services to competition in line with EU directives has enabled multinational and other private corporations to cream off some of the most lucrative operations, resulting in a reduction of Royal Mail deliveries and the closure of hundreds of post offices in villages, towns and cities across Britain. Then the Tories and LibDems began the recently completed sell-off of Royal Mail, at £1 bn below its real value. But because big business corporations are not willing to take on the responsibility of meeting future pension liabilities, the Royal Mail pension fund remained nationalised while the most profitable operations were privatised.

Other privatisations have included the forensic science, probation and air-sea rescue services. Sales of 'bail out' state shareholdings in Eurostar and the Royal Bank of Scotland have taken place below value to the tune of £3bn and £1 bn, respectively.

## **THE PEOPLE'S ALTERNATIVE**

The People's Assembly insists that there is an alternative to austerity with its policies of tax cuts for the rich and big business and cuts in public services, welfare benefits, pay and pensions for the rest. The workers and people of Britain need a full range of financial and economic policies that can secure full and sustainable employment, rising living standards, social justice and a better quality of life socially, culturally and environmentally.

Therefore our alternative proposes to expand our public services instead of cutting them and to support and modernise Britain's industrial base rather than sacrificing it on the altar of financial speculation.

## **REBUILDING PUBLIC SERVICES**

In terms of its output of goods and services – the Gross Domestic Product – Britain has the fifth biggest economy in the world. We are wealthy enough to rebuild and properly fund public services which are the hallmark of a civilised society. The first steps must be to oppose and halt the austerity cuts in public services and welfare benefits. But in order to lay the basis for solid and stable improvement in the future, these steps need

to be combined with perspectives for enhancing the management and delivery of these services. Therefore, the People's Assembly demands:

- End and reverse the fragmentation, marketisation and privatisation in all its forms of our public services.
- Restore the value of – and entitlements to – all social and welfare benefits to their pre-2010 levels.
- Return all the powers and resources to democratically elected local councils removed over recent decades, instead of making them conditional on the adoption of directly mayors and other institutional reforms.
- Restore the integrated management of the National Health Service under democratic control, with cooperation rather than competition as the ethos of the NHS.
- Reintroduce the role of democratically elected and accountable Local Education Authorities into the local management and delivery of all publicly funded education, from pre-school to Further Education.
- Abolish student fees and reinstate student maintenance grants, recognising the enormous value of Further and Higher Education not only to the individual but to the future of a modern, civilised and fairer society Britain.
- Provide statutory funding for the youth service and adult and community education
- Introduce a comprehensive programme to provide at least three million affordable new homes, ending all council house sales and housing stock transfers to the private sector, and reviving investment in council house building and repairs.
- End housing repossession evictions brought about by the effects of the recession, and establish rent controls in the private sector.

# POLICIES FOR SUSTAINABLE GROWTH

We need to build a balanced, productive and technologically advanced economy that will protect the environment, combat climate change and benefit working people and their families. This requires policies to:

- Develop a broadly based, sustainable industrial economy with one million anti-global warming jobs by developing a rational link between R&D, investment in plant and productive capacity, vocational training and integrated strategic economic planning at local, regional and national levels.
- Direct a proportion of corporate capital held by the banks – estimated at £27bn by the Bank of England – into productive and socially useful economic activity.
- Take the banks and essential industries – energy, water, postal services, telecommunications, rail and bus transport – into public ownership to ensure high levels of low-interest infrastructure investment, full compliance with environmental policies and the deployment of their resources for the benefit of the workforce, local communities and society at large.
- Integrate transport and energy conservation plans, based on publicly owned transport and energy industries, including railways, domestic airlines and municipal and freight transport.
- Limit the export of investment capital to markets overseas and outlaw the use of closures and mass redundancies to export jobs super-exploited labour and lower wage economies abroad.
- Prevent the super-exploitation of migrant labour imported by gangmasters and unscrupulous employers
- Move the focus of labour law from statutory minimum rights to collective bargaining, allowing workers to organise and negotiate for wages and conditions in their own companies and across entire sectors of

industry and services. Introduce labour law as detailed by the Institute of Employment Rights.

- Take back control of interest rates and monetary policy from the Bank of England.
- Reduce VAT to boost working people's spending power and stimulate the productive economy.
- Provide Government support and import tariff protection for strategic industries or enterprises under threat, including the steel industry.
- Institute planning agreements between companies receiving state aid and government departments or agencies which specify commitments relating to jobs, pay, pensions, training, trade union representation, environmental standards and where appropriate R&D.
- Provide greater investment in renewable energy sources, energy conservation and the recycling industries for domestic and industrial waste, assisted by the abolition of VAT on solar power and energy saving measures.
- Devolve the necessary powers and resources to the Scottish and Welsh legislatures and governments that would enable them fully to intervene in their economies to secure planned, balanced and sustainable development.

## **FINANCING THE FUTURE**

How are such policies to be paid for?

There should be a return to a fair, progressive taxation system based on the principles of social justice, solidarity and ability to pay. In particular, this should take the form of:

- Closing the 'tax gap' by clamping down on all forms of tax avoidance

and evasion which deprive the public purse each year of around £100bn (Estimated between £44bn (HMRC) and £119bn (Public & Commercial Services Union)).

- Ending the 'tax haven' status of 28 or so British dependencies and overseas territories from the Isle of Man and Jersey the Cayman and British Virgin Islands, where companies and the super-rich register bogus companies and bank accounts in order to hide or manipulate finances, launder money and dodge their tax liabilities.
- Levying a Wealth Tax of 2 per cent on the assets of the richest one-tenth of Britain's population. This would raise £84bn a year, or even £44bn on financial and property assets alone.
- Increasing the top rates of income tax on earnings above £50,000, raising £5bn a year

Raising the current rate of Corporation Tax on business profits (19 per cent – less than half the original 1965 rate) towards the levels in Germany (30-33 per cent) or the USA (35 per cent) – with higher rates for high profit enterprises and on profits made from overseas operations, raising at least £10bn a year.

Placing a Windfall Tax on the super-profits made by the financial, energy, retail, armaments and pharmaceutical companies, raising around £16bn this year.

Imposing a 'Robin Hood' tax on speculative transactions on Britain's financial and commodities markets, bringing in up to £20bn a year.

Pursued with determination (and even without complete success in the face of certain resistance by the wealthy and big business), such measures would generate well over £100bn annually – more than enough to wipe out the deficit without closing a single youth club, library or day centre for the elderly, and without impoverishing a single working mother or anyone in need of disability support.

# 'QUANTITATIVE EASING' FOR THE PEOPLE

Substantial funds for public investment can also be found not only from introducing a more progressive tax system. For instance, through the mechanism of 'Quantitative Easing', the Bank of England has found £375bn to pour into the capital markets to buy back government bonds from private investors.

But if the Bank of England can expand central reserves to buy Treasury and other bonds from private sector investors to refuel the financial markets, why not expand its reserves to buy bonds from public sector bodies to fuel investment in housing, research & development, the railways, solar paneling etc.? Such a Public Finance Initiative – or 'people's QE' – would cost less than Private Finance Initiative and help our society meet essential social and environmental objectives.

Although such a mechanism is explicitly forbidden by Article 123 of the Treaty on the Functioning of the European Union, it should be adopted in the interests of the people.

Other EU rules and treaties which seek to limit the use of public sector borrowing or credit expansion for capital investment, used in 2015 to force the Scottish government to rely more on private investment for its infrastructure programme, deserve similar opposition.

## THE RIGHT KIND OF CUTS!

There are, of course, areas where public expenditure cuts would be beneficial economically and socially, as well as financially. That is why we also call for:

- Cutting Britain's level of military spending (2.1 per cent of GDP) to the same levels as France (1.8 per cent) or Germany (1.1 per cent), releasing between £6bn and £19bn in funds for civilian research, development and production that would guarantee no loss of jobs in the armaments sector.

● Scrapping plans to renew or replace the Trident nuclear weapons system, which latest government estimates indicate would cost a total of £167bn (according to Tory MP Crispin Blunt and Reuters News Agency) to build and run until 2060. That money is equivalent to the cost of doing **all** of the following:

- i Building 1m new homes (£67bn).
- ii Building 10,000 new schools (£33bn).
- iii Funding all Accident & Emergency centres (£25bn)
- iv Employ an extra 20,000 nurses (£6bn) and 1,000 junior doctors (£4bn) for a decade.
- v Slicing tuition fees in half for 1 million full-time students for two years (£17bn).

Finally, steps should be taken to reduce public sector debt to the private sector and associated charges and interest payments. For example, PFI contracts should be bought out or renegotiated wherever possible in order to fund them more cheaply and efficiently. In 2014, Northumbria NHS Trust borrowed money from the Public Works Loans Board via the local authority, at a much lower rate of interest, to buy out a PFI deal for new hospitals, thereby saving about £67m in interest payments over 20 years. Previously, Southwark Council bought out its contract for four new care homes to save £12m in annual charges.

Central government departments and the Scottish and Welsh governments should use their access to low-interest funds to pursue a programme of such buy-outs, while the rampant profiteering behind so many PFI contracts (and which now includes their secondary market) is investigated.

## WHAT ABOUT THE DEFICIT?

None of this means that the annual public sector deficit and the consolidated National Debt don't matter. In 2015-16, the Treasury paid out £46bn in interest (almost half the NHS budget) on British state borrowing.

The Torie claim that austerity cuts and privatisations are therefore



necessary in order to reduce this bill. With Britain's public sector deficit last year of £72bn feeding into a National Debt of £1,591bn, they declare that their objective is to eliminate that annual deficit by 2019/20. He insists that, just like any responsible family or household, we cannot go on living beyond our means. It is an argument echoed by most of the state and monopoly mass media.

It's true that better use could be made of money spent on interest payments. But three points need to be made here:

1. As most households realise, borrowing is both necessary and wise if that is the only way to pay for what may be essential items such as a house, a car, or a computer; or to pay for loft insulation, a new boiler or essential repairs to the roof or foundations. Sometimes, borrowing may be the only way of paying urgent bills or for unexpected but important expenses. Similarly for governments, extra costs can arise because of a sharp rise in unemployment, or to bail out some banks and building societies. Capital investment in housing, public transport, sustainable energy and the environment can bring enormous benefits, quickly outweighing the costs of borrowing. Even this Tory government is being forced to recognise this, as it reverses at least some of the cuts announced or carried out in public sector infrastructure programmes. Prioritising the elimination of annual deficits for evermore is a ludicrous piece of monetarist dogma rejected by almost all other developed countries on the planet.

2. Britain's current and projected levels of deficit and debt are nowhere near as severe and potentially catastrophic as the Tories have been claiming since 2010. Historically, Britain's annual deficit as a proportion of GDP (the output of the whole economy) has often run at levels higher than the present one of around 4 per cent e.g. throughout most of the 1970s and the early 1990s, as well as ever since the financial crash of recession in 2008. As for the consolidated National Debt as a proportion of GDP, currently at around 84 per cent, this is lower than during the whole period from the end of the First World War until the early 1960s – including the years when British governments built the modern Welfare State and NHS and carried out massive investment programmes in

council housing and the nationalised industries. Interest paid on the National Debt today accounts for just 2.4 per cent of GDP – lower than almost all the 1950s, 1960s and every year since 1975. Internationally, Britain's levels of deficit, debt and interest payments are a little higher than the US, France, Germany and Japan – but significantly below those of Greece, Italy and Portugal, for all of the Chancellor's scaremongering.

3. There is more than one way to reduce the public sector deficit and debt. The Tory strategy relies on spending cuts for 70 per cent of the reductions, but also seeks increased revenues from privatisation, indirect taxation, economic growth and stricter payment compliance. This mix can be altered radically and in ways that would make substantial inroads into the deficit, while also allowing new investment initiatives that would bring in fresh revenue.

## **FAIRNESS AT WORK**

The fight for social justice, democratic accountability and popular involvement should not stop at the workplace door. The skills, talent and commitment of working people should be developed and utilised for the benefit of the economy and society as a whole – beginning in the workplace. That's why a fundamentally different approach is now required, with policies to:

- End pay freezes and enforce workers' rights to free collective bargaining and the establishment of Collective Agreements on pay and conditions across the economy, including both private and public sectors.
- Enforce equal pay and other labour law throughout all sectors of the economy through the introduction of Inspectors, compulsory audits and fully funded arrangements to detect and punish infringements of the law.
- Increase the minimum wage for all workers aged 16 and over to two thirds of the median wage.
- Reverse all the spending cuts and Remploy factory closures directed against workers with disabilities and rebuild the Britain-wide network of

public sector workplaces where such workers can be productively employed, with high quality training and education programmes to develop their skills and talents.

- Reduce job insecurity through the abolition of zero hours, short-term and temporary contracts where there is no demonstrable reason for them to exist.
- Provide high quality vocational training for young people, with maintenance grants, to meet long term employment needs, as part of a government led job creation scheme.
- Outlaw the super-exploitation of immigrant workers by unscrupulous employers, involving trade unions in the enforcement of negotiated terms and conditions of employment for all workers regardless of nationality and country of origin, in defiance of EU Court of Justice rulings where necessary.
- Adopt the target of a standard 35 hour week with no loss of pay, enhancing the work-life balance of millions of workers while creating more than a million new jobs for young people and the unemployed.
- Abolish Britain's harsh anti-trade union laws, introduce a statutory right to trade union organization and recognition by all employers, and reinstate full and free rights of access to Employment Tribunals for all workers.

## THE PEOPLE'S ASSEMBLY

The People's Assembly is a broad united national campaign against austerity, cuts and privatisation in our workplaces, community and welfare services, based on general agreement with the signatories' Founding Statement.

It is linked to no political party, committed to open non-sectarian working and dedicated to supplementing, rather than supplanting, trade union, student, pensioner and community opposition to austerity measures.

It is based on affiliation by individual supporters, unions nationally and locally, anti-cuts campaigns, and other student, pensioner, unemployed, disabled people's, women's, Black people's, youth and LGBT campaigning organisations.

It aspires to support, encourage, coordinate joint action, and facilitate a transfer of experience rather than to command. The People's Assembly encourages the establishment of new local campaigns and/or People's Assemblies.

It organises newsletters, a website, twitter, Facebook and social media, meetings, conferences, lobbies, rallies, marches, demonstrations and other events.

It vehemently opposes all proposals to "solve" the crisis by discrimination or scapegoating on grounds of disability, race, religion, ethnic origin, nationality, gender, age, sexual orientation or identity.

The People's Assembly liaises closely with similar movements in other countries resisting austerity measures. It encourages a wide debate on how to protect the welfare state and develop an alternative programme for economic and social recovery

## **CONTACT THE PEOPLE'S ASSEMBLY:**

office@thepeoplesassembly.org.uk

web@thepeoplesassembly.org.uk

Phone: 020 8525 6988 - office hours 10am - 6pm

The People's Assembly, 52 Beachy Road, London E3 2NS

<http://www.thepeoplesassembly.org.uk>

# SUPPORT THE PEOPLE'S ASSEMBLY WITH A REGULAR DONATION

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**Please start on**

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**WWW.THEPEOPLESASSEMBLY.ORG UK**



10 MYTHS

ABOUT

AUSTERITY

- 1 **Austerity has worked.** **TRUTH** - Austerity was meant to reduce the deficit – the gap between the government's spending, and what it gets from taxes. In fact, the deficit has grown 10% in the last year to over £100bn.
- 2 **The British economy is stronger than other big economies.** **TRUTH** - The majority of developed countries have grown faster than the UK since 2010.
- 3 **We are creating jobs and prosperity for all.** **TRUTH** - Average pay, taking account of rising prices, has fallen every year for six years. This is the worst decline living in standards for most people since official records began in 1856.
- 4 **We are all in it together.** **TRUTH** - While most of us have seen falling pay year after year, the wealth of the richest 1,000 people in Britain has doubled since the financial crash.
- 5 **We are rebalancing the economy by creating jobs outside of financial services.** **TRUTH** - Only 1 out of all 40 new jobs is proper full-time employment. Most new jobs are forms of fake self-employment without enough work to pay the bills, part-time or temp jobs, or zero hours contracts.
- 6 **Austerity has reduced the government's debt.** **TRUTH** - Because austerity has failed, this government has borrowed more in 4 years (over £430bn) than Labour did in 13 (£429bn).
- 7 **The NHS has been ring-fenced.** **TRUTH** - NHS spending has been capped. It has not kept pace with inflation and a growing population, and therefore is falling in real terms. That's why waiting lists are rising.
- 8 **The government has invested in future growth.** **TRUTH** - Government investment has been slashed from 3.5% of GDP to 1.5%.
- 9 **We must curb benefits to stop benefit tourism.** **TRUTH** - Britain has the lowest wages in Northern Europe, and one of the lowest levels of immigration. Recent migrants contributed £20bn more in taxes than they took in public services over the last decade.
- 10 **We must stick to the course.** **TRUTH** - Austerity has lowered living standards, cut public services and not reduced the deficit. More of the same will produce the same result.