

The PCS alternative to cuts



Pic: Mark Campbell

The government says cuts in jobs, public services, pay and pensions are essential to pay for the national deficit.

But we are in debt because the banking sector collapsed sparking a recession. Bailing out the banks cost £1.3 trillion, and the recession hit tax revenues and increased unemployment.

People working to provide public services did not cause this crisis and we should not have to pay for it.

Every year, £70 billion is lost to the economy through tax evasion and a further £25 billion through avoidance.

Much of this could be recovered if HM Revenue and Customs

employed more staff and the legal loopholes were closed. But the government is cutting the number of tax staff every year.

By just collecting the tax that is rightfully ours, including from the wealthy and big business, we could avoid public service cuts.

The proposed Robin Hood Tax on financial speculation could also raise \$400 billion globally.

Invest in public services

Contrary to claims that public spending is out of control, spending in the UK is among the lowest in Europe. We need investment in public services to help pull the

economy out of recession.

Creating jobs would boost employment and tax revenue. We could invest in renewable energy, create a million 'climate' jobs, high speed rail links, and build new housing for the 1.8 million families on council house waiting lists.

It is true that not all government money is spent wisely. Millions could be saved on consultants and from the waste of holding 230 separate pay negotiations in the civil and public services. Stopping the replacement of Trident nuclear weapons would save £78 billion over 30 years.



Pics: Jess Hunt and Jacky Chapman



Cuts damage the economy

By cutting public sector jobs, unemployment will increase. The TUC estimates cuts could lead to between 200,000 and 250,000 public servants losing their jobs. This would mean increased costs in benefits, and less revenue through tax.

If people's incomes are taken away or cut through pay freezes then they spend less. Less consumer spending means fewer transactions and less tax revenue through VAT. It will also result in the private sector cutting back because there is less demand.

Cuts would also mean job losses in the private sector. Again the TUC estimates a 10% cut in spending would mean £18 billion less is spent on the private sector.

Pensions or poverty?

It is a myth that public sector workers retire into luxury. The average public sector pension is about £4,200 a year.

A lesson from Ireland

The Irish government's response to economic crisis was to cut public sector pay and pensions, as well as child benefit, unemployment benefit, education and transport. Growth and employment did not recover. In fact the Irish economy shrank and unemployment rose. As a result, tax revenues are now falling and the deficit has not improved.

Two and a half times as much public sector money is spent subsidising private sector pensions through tax relief – and 60% of this goes to a small number of higher rate earners.

It is counterproductive economically to cut pensions because it will force more people into claiming state benefits in their retirement – a higher cost to be met by future taxpayers. Either we fund pensions properly or we drive more pensioners into poverty.

The myth of 'efficiency savings'

Politicians of all the main parties argue that cutting 'backroom' jobs will not affect services. But admin staff and 'back office functions' are essential to enable frontline workers to do their jobs.

Asking workers to do 'more with less' might sound attractive, but in practice less spending means increased workloads, more stress, low morale and poorer quality services.

Privatisation is a waste

The government argues it can save money and deliver better services by bringing in private companies to do the work of the public sector. This is a process that has been going on for decades under successive governments.

But private companies do not save public money or deliver services more efficiently – privatisation quickly leads to deteriorating service quality and poor value for money. In fact, it represents a huge transfer of wealth

from ordinary people to those who own and run big companies.

Invest in public services

Privatisation should be reversed to help economic recovery and improve public services.

Thirty years ago, gas, electricity, water, buses, trains, and telecommunications were all publicly owned – their prices were set by government and all profits reinvested not given away in bonuses and share options.

The public now owns several banks. They should be run in the public interest, with their profits invested in public services.

Campaign for public services

PCS is launching a major UK-wide campaign to defend our jobs and services. We will be making the case for our alternative using every means at our disposal.

We need united action with other unions and we want the TUC to call a national demonstration for public services in the autumn.

The government's cuts would damage our communities, damage the economy and massively increase inequality and poverty. We need a huge, popular movement to stop that happening.

Join PCS – Freephone 0800 317464

Public and Commercial Services Union | pcs.org.uk/join

