

## Editorial: 'The cuts'

*Paul Spicker and Ludi Simpson, Guest Editors*

Since they came to power, the Coalition Government has been reshaping official statistics so as to tell a story. Part of that story is how Britain was brought to ruin.

Over the past decade, economic growth in the UK has been driven by the accumulation of unsustainable levels of private sector debt and rising public sector debt. This pattern of unbalanced growth and excessive debt has helped create the exceptional economic and fiscal challenges that the Government must address ...<sup>1</sup>

Part of the story is the attribution of responsibility for the problems to the public sector.

Over the last decade, the UK's economy became unbalanced, and relied on unsustainable public spending and rising levels of public debt.<sup>2</sup>

Part is how welfare dependency has grown.

We need to address the high and increasing costs of welfare dependency. There are now nearly five million working-age people receiving the main out-of-work benefits.<sup>3</sup>

This leads to the conclusion that the deficit must be tackled by curbing dependency.

The Spending Review makes choices. Particular focus has been given to reducing welfare costs and wasteful spending.<sup>4</sup>

Radical Statistics has always been concerned at the extent to which official statistics reflect governmental rather than social purposes. At every stage of the narrative, the evidence has been distorted. The UK public debt, as a percentage of GDP is less than in Germany, France, the USA and in many periods of the UK's own history. The public debt was incurred, not because of the expansion of the public sector, but to

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<sup>1</sup> HM Treasury (2010) *Budget 2010*, HC61, [http://www.hm-treasury.gov.uk/d/junebudget\\_complete.pdf](http://www.hm-treasury.gov.uk/d/junebudget_complete.pdf)

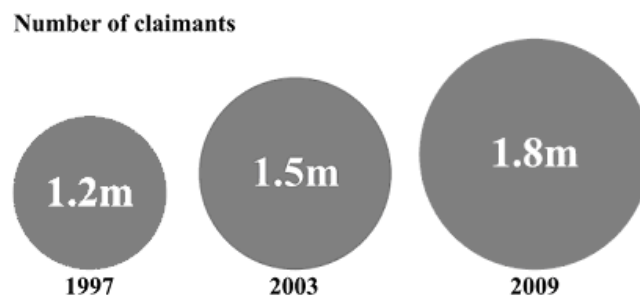
<sup>2</sup> Cm 7942 (2010) *Spending Review 2010*, London: HM Treasury, p 6

<sup>3</sup> Cm 7913 (2010) *21st Century Welfare*, London: DWP, p 4.

<sup>4</sup> Spending Review 2010, p 5

save the banks, and the economy. The growth in benefit expenditure reflects the extension of entitlements for older people, increasing unemployment and responses to disability. The statistical presentation is often questionable. This extraordinary graph – the third circle is more than double the size of the first - comes from *The State of the Nation*, published by the Cabinet Office:

Figure 3.1: The numbers of working-age Disability Living Allowance claimants have increased by over 40% since 1997, from 1.2 million to 1.8 million



The government's claim to be giving priority to deficit reduction is inconsistent with its limited emphasis on taxation. John Grieve Smith points to an alternative of increasing tax income, from VAT, income tax, inheritance tax and corporation tax, which has reduced in the UK from 33% to 28% during the time of the Labour administration. Stewart Lansley cogently argues for action to limit the rising concentration of wealth at the top. This raises the concern that the central focus is not the reduction of the deficit, but rolling back the frontiers of the state. One aspect of the government strategy that is hard to quantify is the privatisation of services (to those who can afford a profitable price). Radical Statistics has received a request from the public sector union UNISON for help with quantifying the impact on services of privatisation: please contact [troika@rastats.org.uk](mailto:troika@rastats.org.uk) with your willingness to work with them.

The papers in this special issue examine some of the key propositions in the government's analysis. Stewart Lansley looks at the history of the crash; John Grieve Smith and Richard Exell, at the economics and the public sector; and Paul Spicker at spending on welfare. Other papers are concerned with the impact of these measures on the people they affect: Tim Horton and Howard Reed consider the distributional implications of the cuts, Alan Franco the local impact of benefit cuts, Jay Ginn pensions and support for older people, and Robert Moore the effects on Wales.