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WELFARE STATE

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THE DEVELOPING CRISIS
IN PUBLIC EXPENDITURE

Nottingham
International
Marxist
Group

AND HOW TO
FIGHT BACK

Introduction - Social Expenditure in the British Economy.

As Britain moves deeper into economic crisis more and more attention is being given to cutting back government expenditure. This pamphlet has been written to explain the implications of this for the standard of living of working people. A very substantial and rising proportion of the national cake is taken by the government. In 1860 the proportion of total government expenditure in Gross National Product was only 11%. By 1920 the proportion had risen to 26.1% and by 1950 it had risen again to 39.5%. Thereafter it hovered around 40% until the 1960s and 1970s when it has shot up further - to 50.7% in 1969/70 and to 58.4% in 1974/5. (The last figure is an estimate from the Financial Times of 8/5/75).

By no means all of this enormous volume of state expenditure can be said to benefit the working class but a large proportion spent on various social services clearly is an important part of the standard of living of ordinary working people. The following figures for 1973/4 give some idea of the magnitudes involved.

1973/4 Public Expenditure on Social Services and Housing (Current + Capital, Local authority and central government)

	£m		£m
Education	4,271	Central Government	9,721
National Health Service	3,105	Local Authorities	6,585
Personal Social Services	538	Public Corporations	130
School meals, Milk and Welfare Services	235		
Social Security Benefits	5,741		
Housing	2,546		
Total	16,436	Total	16,436

(National Income in 1973 £56,259 millions)

If the government takes more of the national cake for social expenditure then it clearly must leave a smaller proportion of that same cake for workers and employers to share out between themselves in the privately owned sector of the economy. This is the ultimate reason that important sections of the employers are now considering cuts in social expenditure. One way of looking at it is that the employers are considering a round about form of wage cut with a deteriorating health service, inferior housing and education instead of a cut in the purchasing power of the wage packet. Of course cuts in public expenditure on the social services will also mean poor wage settlements and unemployment for those employed in them.

So far most cuts have been in the projected rate of growth of public expenditure. Furthermore most of these cuts have been concentrated in the financial year 1976/77. In his Budget speech of April this year Denis Healey talked of the need to "plan the reductions well ahead so that they cause the least possible damage when carried out". Thus the financial year we are now in is supposed to be one of preparation for the cuts of next. In practice, the deteriorating economic situation since the Budget has raised a new chorus for more cuts. A large volume of government expenditure is financed from borrowing from abroad. Thus the sterling crises that we have seen put a great deal of pressure on a government eager to defend capitalism to enact swifter and more savage budgetary measures. Recent speculation is that there will be another budget after the EEC referendum. Thus what is written in this pamphlet may well be somewhat dated by the time that it has been produced and we wish much to warn of cuts to come as to document the effects of those that have already occurred.

Education

Even before Healey's budget provisions for future spending on education were becoming increasingly inadequate. In January the government published a White Paper on the Growth of Public Expenditure to 1978/79. This cut back forecasts of spending made by the Tory government in December 1973 (which was itself an occasion for a scaling down of public expenditure projections). The White Paper saw education spending growing at 2.7% per annum between 1974/75 and 1978/79. Compared to the Tories December 1973 programme this meant a drop of £160 millions in 1974/5, £227 millions in 1975/6, £292 millions in 1976/7 and £373 millions in 1977/8. This adds up to a total of £1,052 millions in constant prices in four years. Healey's budget further scaled down projected expenditure by cutting a further £86 millions off educational expenditure in 1975/6.

The effects of such cutbacks in educational expenditure are revealed in a study done recently by Oxford County Council. This was to discover how various economies could be made in the education service at various hypothetical levels of growth of spending on education. These were for a 3% growth in expenditures, zero growth and a 5% retrenchment. Some of the effects are summarised below.

Oxfordshire County Council Case Study

3% Growth

Zero Growth

5% Retrenchment

	<u>3% Growth</u>	<u>Zero Growth</u>	<u>5% Retrenchment</u>
<u>Admin. & Inspection</u>	Cut supply of new furniture	Leaving job vacancies unfilled (natural wastage)	
<u>Nurseries</u>	No grants to pre-school playgroups; worsen capitation allowances* by 10%	Worsen staff/pupil ratios from 1:10 to 1:13	Close all nursery schools and make all staff except cleaners in charge and caretakers redundant
<u>Primary</u>	Cancel nursery expansion program (ie nursery classes in primary schools); minimum school transport; cleaning on 3 days a week only (ie dirty schools+ redundancies)	Worsen staff/pupil ratio to 1:27 by reduction of 100 teachers; further reduce ancillary staff; reduce transport for swimming; cancel all lettings of premises	Worsen capitation allowances by 10%; no admissions before term following 5th birthday; close all schools with less than 60 pupils; no educational visits; 10% less repair and maintenance; cancel school museum and library service
<u>Secondary</u>	Reduce clerical & non-teaching staff 8%; restrict cleaning to 4 days a week; reduce transport for swimming and between home and school; reduce boarding places, uniform and pupil maintenance grants	Worsen staff/pupil ratio to 1:18 (= 3 fewer teachers per school = big reduction in courses taken); restrict cleaning to 3 days a week	Worsen capitation allowances by 5%; close all outdoor pursuits centres (= redundancies and redeployment of professional staff)
<u>Special Education</u>	Nil	Worsen capitation allowances by 10%	Cancel home and hospital ward teaching services and teaching of caravan dwellers (equivalence of 12 redundancies)

(* Capitation allowances are allowances for books, pencils, paper etc per student)

Case Study Continued/

	<u>3% Growth</u>	<u>Zero Growth</u>	<u>5% Retrenchment</u>
<u>Further Education- Poly</u>	Worsen lecturer/student ratio 7% by redundancies; 3 days cleaning; reduce services and supplies; increase refectory prices	Worsen lecturer/student ratio by 16% by more redundancies.	Close all non-advanced courses
<u>Further Education- Colleges</u>	Reduce staff by 6%; restrict cleaning; cut supplies and services; up refectory prices	Reduce teaching staff by 20%; reduce ancillary staff 13%; 3 days a week cleaning; worsen capitation allowance	Close all FE colleges except Lycotewood; cease to take up places at FE colleges maintained by other local educational authorities
<u>Further Education- Other</u>	Unspecified savings	Unspecified savings	Terminate all adult education; no further discretionary awards to students
<u>Further Education- Teacher Training</u>	Nil	Reduce number of places for secondment by 10%; reduce provisions for courses and conferences for teachers; close teachers centres	Discontinue all secondment; discontinue all courses and conferences
<u>School Meals</u>	Reduce nutritional value of meals by 3.5%	Reduce nutritional value by a further 10%	
<u>Recreational and social- youth service</u>	Unspecified savings	Unspecified savings	Disband youth service
<u>Adult and Recreational services</u>	Reduce payment to community centres		Discontinue payments to community centres
<u>Child guidance</u>			Disband service

(Source: Times Educational Supplement 29.11.74)

As can be readily seen the effect of seemingly small retrenchment measures are pretty catastrophic in some sectors of the education service involving wholesale cancellation of all but the core sector of primary and secondary education - and leaving those sectors in a very bad way.

The Oxfordshire study does not give us an idea about how universities are hit by the financial crisis - since universities are not administered by the local authorities - however we already have a pretty good idea because the cash crisis has already begun to bite in the university sector

The expenditure crisis has bit deep in the universities. For 1973/74 the Tory government originally scheduled a grant to Universities for capital expenditure of £58 millions but in October 1973 they introduced a moratorium on new building, holding back projects such as much needed student residences. The new Labour government lifted the moratorium in June 1974 but they also cut the capital expenditure grant by 80% to only £11.5 millions for 1974/75.

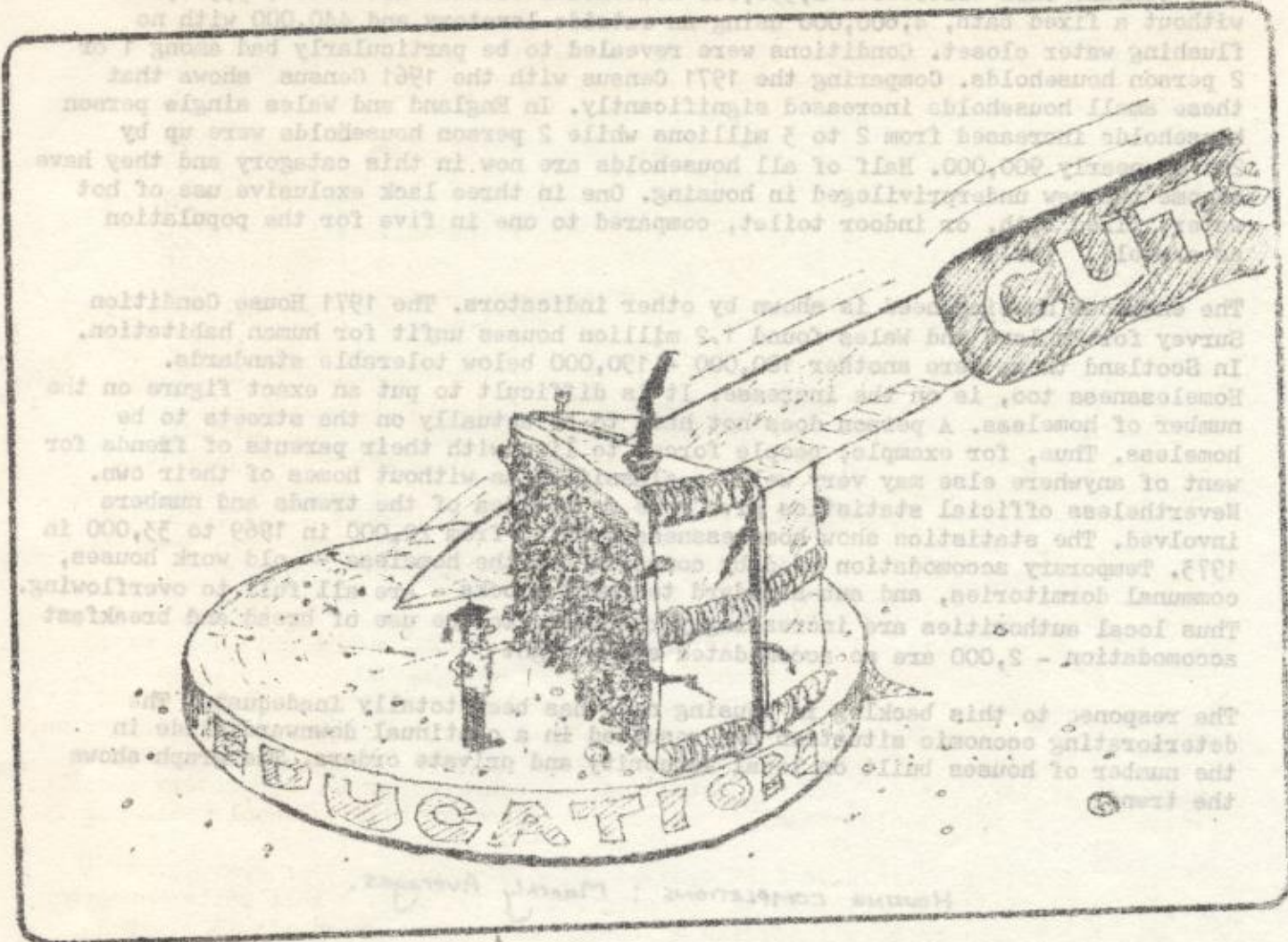
As far as current expenditure is concerned, the universities have stumbled on from one crisis to the next in the past year. University finances are planned on a 5 yearly basis - the current period being for 1972-1977. It was expected that the government would provide extra finance to compensate the universities for the effect of inflation but the Tories decided that the only extra money to be made available would be limited to covering the salary increases of academic staff. On this basis it looked as if the universities were going to have a financial deficit of £40 millions in 1974/75. About £10 millions was scraped together but this still left a possible deficit of £30 millions. A vast economy campaign got under way. Jobs becoming vacant due to retirements and departures were frozen - there are probably 600 - 1,000 academic jobs frozen in this way, as well as numerous administrative jobs. For ancillary staff also, no one is recruited to jobs left vacant by "natural wastage" and short time working is the norm. Last December the government pitched in a further £15 millions emergency money - but there are still severe problems and the targets for university expansion have been drastically reduced.

A taste of the threat to education has already been provided in the Nottinghamshire area by the governments allocation to the County for primary and secondary school building. Nottinghamshire County Council had budgeted to spend £4.2 millions on its school building programme but were, in fact, only given £1.8 millions. Among the building projects that had to be cut as a result are Top Valley Secondary, Calverton, Easte Leake, Garibaldi and Warsop Comprehensives, and West Bridgeford Abbey Road Primary. Completely out are all projects in aided schools, repairing primary schools, improvement work in schools and colleges, and improvement in the school meals service.

In Further Education there have been drastic cuts in development programmes. At the time of writing it is reported in the Evening Post (May 27th) that Notts Education Authority is thought to be withholding a "bombshell" report which, it is claimed, " could mean a cutback in the county's educational facilities and a threat to teaching jobs." While the implications of this report are not yet clear the results of earlier cuts are now making themselves felt. £44,000 has been cut from the development budget at Trent Polytechnic for next year. This will include £5,335 which was to have gone on books for the new Chaucer library, £3,000 for other library books, 13 new staff appointments, new furniture and equipment. The Poly's major building programme has been reduced from £7 millions to £3 millions over the next 4 years. 1,000 student teachers places at the Poly will be lost by 1981.

Similar problems are affecting other sectors of Further Education. Most drastic is the possibility that Waverley College of F.E. will be closed. At Peoples College of F.E. proposed new staff appointments have been cut back from 8 to 3. A new block of 8 classrooms for liberal studies has been shelved. It is also proposed that student enrollment fees should go up by 80% from September 1975. This will mainly affect firms who pay for vocational courses for their employees - but it will discourage those who wish to enrol for non-vocational or recreational courses.

The full implications of Healey's latest £86 millions cuts for education in Nottinghamshire are not yet known. The local administrative machine obviously needs time to digest the changes in available resources and reprogramme. In doing this they may be again overtaken by another wave of central government retrenchment measures and the drastic effects that could befall the educational service are clear from the Oxfordshire case study. The education system is not in a good position to absorb these kind of measures. About $\frac{1}{4}$ of all primary school children are in classes of 35 and over, when the National Union of Teachers believes, with justice, that all class sizes should be below 30. There are already shortages in school facilities. At the Player Comprehensive some classes are held in a cloakroom. At Cottesmore 3 classrooms in huts have their roofs shored up with scaffolding because the money is not available to fix them properly. The



same school has no changing facilities at their playing field so the pupils change on the open field adjacent to Derby Road.

This is the situation today when most of the cuts are still in the "development budget", i.e. in the planned extensions in education. But the extension of both capital and current expenditures is essential to allow teachers a rising standard of living and to meet growing and changing educational needs. For example Top Valley Comprehensive will have to meet a continual growth in the intake of pupils as the estate expands - now with the cuts in the building programme there are prospects of difficulties in the near future.

At Nottingham University the squeeze is also being felt. Staff posts becoming vacant have been frozen. Prices in the Students Union cafeteria and restaurant and refectory have rocketed uncontrolled. On dark days university buildings have an exceedingly dismal appearance as a zealous University finance department have been economising on the use of electricity for the lights. And lights have not been all they have economised upon - university ancillary staff have also been hit. In the halls of residence there have been serious cuts in the use of cleaning and catering staff - forcing the campus unions to take action in defence of their members. In recent months even the normally docile and reactionary Association of University Teachers has been galvanised into action on the issue of the pay of the academics.

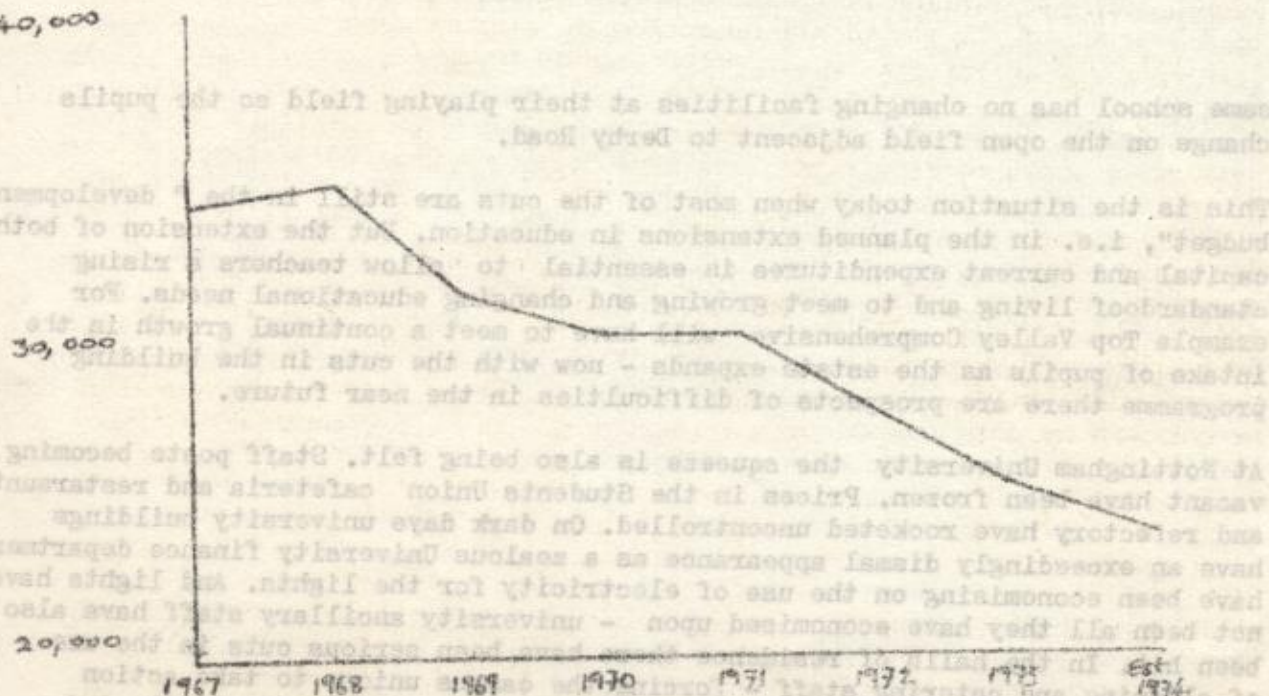
Housing

Detailed information on the size and scope of housing needs was provided by the 1971 Census. This discovered 2,350,000 households without hot water, 3,360,000 without a fixed bath, 4,600,000 using an outside lavatory and 440,000 with no flushing water closet. Conditions were revealed to be particularly bad among 1 or 2 person households. Comparing the 1971 Census with the 1961 Census shows that these small households increased significantly. In England and Wales single person households increased from 2 to 3 millions while 2 person households were up by 20% or nearly 900,000. Half of all households are now in this category and they have become the new underprivileged in housing. One in three lack exclusive use of hot water, fixed bath, or indoor toilet, compared to one in five for the population as a whole. The

The enormous housing need is shown by other indicators. The 1971 House Condition Survey for England and Wales found 1.2 million houses unfit for human habitation. In Scotland there were another 180,000 - 190,000 below tolerable standards. Homelessness too, is on the increase. It is difficult to put an exact figure on the number of homeless. A person does not have to be actually on the streets to be homeless. Thus, for example, people forced to live with their parents or friends for want of anywhere else may very well be classified as without homes of their own. Nevertheless official statistics give some rough idea of the trends and numbers involved. The statistics show homelessness growing from 22,000 in 1969 to 33,000 in 1973. Temporary accommodation used by councils for the homeless - old work houses, communal dormitories, and sub-standard tenement blocks - are all full to overflowing. Thus local authorities are increasingly resorting to the use of bread and breakfast accommodation - 2,000 are so accommodated every night

The response to this backlog in housing need has been totally inadequate. The deteriorating economic situation has resulted in a continual downward slide in the number of houses built on local authority and private orders. The graph shows the trend.

Housing Completions : Monthly Averages.



Source: Financial Times, February 11th 1975.

In the face of this appalling situation a big increase in the resources put into housing is necessary. A combined policy of stepping up the rate of house-building and a shift towards renovating and rehabilitating older properties is needed. But the resources do not look as if they are going to be available. While government expenditure on housing rose by 26% in real terms in the last 3 years this does not mean a 26% increase in the amount of accommodation. A good deal of this money has gone to meeting the escalating debt payments to the moneylenders. More has been used to stop rents going up. Now the tap is being turned off. The government's January White Paper on government expenditure projected housing expenditure being held level in 1975/6 and thereafter increasing very slowly at about 1½% per annum in real terms. Healey's April Budget cut a further £115 millions from the 1975 expenditure.

Given the squeeze on finance the government has been promoting new housing policies. Rather than the continued wholesale demolition and redevelopment of whole areas it has been encouraging local authorities to go in for the cheaper option on renovating older houses. The 1974 Housing Act, backed up by Department of the Environment circulars to local authorities encourages the establishment of Housing Action Areas and Priority Neighbourhoods where demolition would have previously been the rule. A policy of municipalising older properties (i.e. taking them into local authority ownership) is being promoted to make possible their renovation.)

This change of emphasis is not without its merits. Many older houses can be satisfactorily renovated to a high standard if enough is spent on them and this will more often than not be cheaper than the demolition of the old houses and building new ones. There is a further advantage of not uprooting existing residents and communities - the old occupants can continue to live in renovated houses.

Thus, if the government can make its policies stick, then this will probably represent a more efficient use of the more limited resources. However, this should not blind us to the fact that this policy change is taking place in the context of more limited resources - in the context of an overall deterioration. Nor should we be blind to the very real possibility that the government will not make its policies stick - i.e. that the more limited resources will not get concentrated where it is needed most in the worst slum areas. Thus we should note that in 1974/5 some £297 millions, which was some 70% of the total money available for improvements, was poured into contracts to do up existing council estates and less than a third has been used to rescue the decaying properties purchased from the private sector that the money was supposed to be directed to. This is because it is administratively simpler for the local authorities and more convenient for private enterprise to renovate estates that are already council owned than plan and implement a multiplicity of different and individual renovations some in council ownership and some requiring negotiation with private house owners. The original aim in municipalisation has also gone somewhat astray. It was originally intended to be directed to purchasing decaying properties to facilitate local authority renovation. However, with the slump in the private house market enormous sums have been spent in buying unsold new houses in order to rescue their builders.

Given the tendency of local policy to stray away from central government good intentions the outlook is thus especially bleak. Having switched to favouring improvement policies the government has now cut the amount of money available for improvements by more or less a half to £283 millions. The decay of the slums is thus likely to proceed apace.

Locally the city council has been wrestling with a growing housing crisis and shows no sign of getting on top of the problem. The Council house waiting list has grown longer as rocketing house prices and scarce mortgages have driven would be house purchasers off the private market and into dependence on the council. On their own estimate of last November the Corporation expects the waiting list to rise from last year's figure of 9950 to 11,814 in 1976/7. Neither students nor single homeless people are allowed to register on the waiting list. The provision of accommodation for single homeless people is a "disturbing admission" from the Council's housing policy according to the Director of Housing. There will be 6,000 extra students in Nottingham in the next few years yet no accommodation has been planned for 2,000 of them. 200 people sleep rough in the city every night according to the Evening Post and 250 are admitted each year to the Salvation Army's Peel Street hostel. Nottingham County Council provides 33 homeless families with

hostel accomodation at a cost of £1,500 per week.

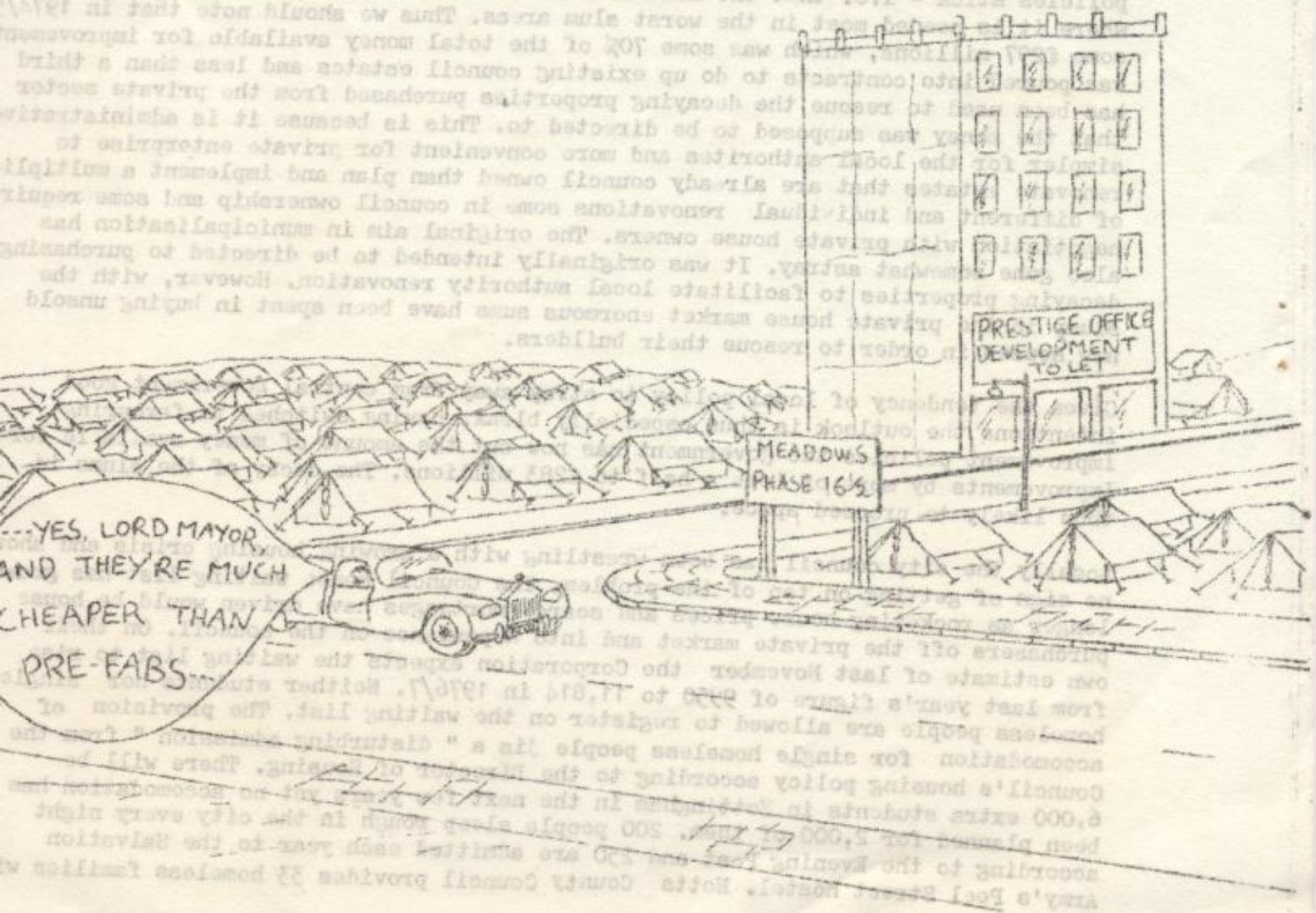
In line with national trends the cost of council accomodation is rising. Nottingham council house rents have not long ago gone up by an average of 55p. As part of the sugar coating on the Social Contract pill the Labour government froze rents after they took office. This period has now expired and rents are likely to rise with a vangeance since local councils are expected not only to put up rents to cover rising costs but also to catch up on the ground lost during the rent freeze. £65 millions have already been cut off government rent subsidies and their are plans to reduce subsidies even more in 1975/6. On figures currently available it seems likely that rents could rise by £1 or even more next year.

For background information on these rent rises it is interesting to read the Council's Housing Revenue Account for 1974/75.

Expenditure	£m	Income	£m
Maintenance, repairs and management	3.1	Government grants	3
Debt Charges	11	Rents	8
	14	Rates	3
			14

An important factor forcing the rents higher is the high interest charges paid by the Council to the moneylenders. The rate of interest on money borrowed by the Council is 14%.

Nottingham council's controlling Labour Group are no emulators of the Clay Cross councillors and on present showing it does not look as if they are going to resist public expenditure cuts. This is what they should be doing if they genuinely claim to represent the interests of local working people. However, when Councillor Stephen Evans put down a motion at the May meeting of the Council "viewing with alarm" the Budget cuts in housing expenditure his motion was amended



out of existence by John Carrol, leader of the Labour Group. The Labour group "recognised the necessity" of Budget cuts and maintained that the cuts had been made in such a way as to "minimise any effect on essential housing programmes". Just what this means we shall doubtless soon find out as the council is reported to have in progress a fundamental examination of its housing policies. Some big fights could be on the agenda.

Tenants associations and housing activists will have a natural ally in their fight to maintain public expenditure on housing in workers employed in the building industry and allied trades. The reason is obvious - a slump in the level of house building and renovation means not only deteriorating housing conditions but also unemployment for workers in industries associated with building. At the moment unemployment among building workers stands at 150,000 and the building industry has been badly hit by the economic crisis. Last year there was a 8% drop in the volume of work in building and, as a result, building and construction has been the worst sector for business failures over the last year. There were 179 such failures in the first quarter of 1975. In the building materials industry there are similar problems. In 1974 the demand for building materials fell by something like 12%. In the 18 months up till mid May of this year 60 brickworks had been closed down and stocks of bricks now stand at nearly a million. Brick output is running at nearly 30% below capacity. In cement production slumped from 20 million tonnes to 17.7 million tonnes in 1974 and has continued to fall. Here then is another absurdity of capitalism - homelessness and slums matched with unemployed building workers and idle capacity for the production of building materials.

Health

The National Health Service has grown considerably since its inception. Between 1953 and 1972 real expenditure on the service rose by 130% as against a rise in total public spending of 8%. In 1974 the proportion of the Gross National Product devoted to the NHS reached a record level of 5.4%. Most indicators of workload show considerable increases in the same period.

The growth has been impressive and has undoubtedly meant a healthier population but inadequacies and inequalities still exist. Today each General Practitioner has more patients to look after than 10 years ago. 75% of beds are in hospitals built before 1918. More generally a considerable reservoir of hidden illness exists which would be revealed by mass screening exercises but without those exercises remains unknown and therefore untreated. There are considerable regional inequalities in the provision of health care. For example, in hospital building an Act of 1929 gave local authorities power to build hospitals from the rates. Areas around London and the Home Counties that were comparatively wealthy could afford to build hospitals - other areas could not.

Above all class inequality still persists and permeates the health service. The most obvious and glaring example is queue jumping for those private patients that can afford to pay for private care. The advantages of private care are revealed in the following table.

Examples of Waiting Times:

	Private	NHS
Cataract operation	2 weeks	over 1 month
Tonsillectomy	2 weeks	18 months
Gynaecological operations	1 week	12 months
Hysterectomy	2 weeks	4 months
Vasectomy	2 weeks	2 years

(from House of Commons Expenditure Sub-Committee Report March 1972)

as should be clear private health practice feeds off the inadequacies of the NHS. Indeed it is in the interests of private consultants to deliberately lengthen the waiting times of NHS patients so as to make private health care more marketable. There are proven examples of this occurring.

While private practice is the most obvious and glaring example of class inequality an privilege in health care the problems go deeper than this. Health and ill-health is, of course, a product of a total environment and in this the working class

still suffer more ill health from birth to death. Their babies die more frequently there is more childhood illness, at work they are off ill more frequently and for longer periods, the incidence of severe mental illness is much higher, in old age they are more often disabled or restricted in their activity - and the gap between classes in death rates has continually increased since the war. At the same time the distribution of General Practitioners is markedly unequal. Studies have shown that doctors come mainly from professional occupational backgrounds and they prefer to set up shop in the type of backgrounds to which they are accustomed. The type of premises available and the quality of equipment will also influence the choice of location. The result of influences like these is that the quality and quantity of health care is lowest in precisely those areas where the need is greatest - for example in impoverished and slum areas.

More than a simple increase in resources is going to be necessary to deal with these type of problems. A fundamentally different approach to health care is called for - in the context of a socialist society orientated to the needs of working people - however, it is clear that no progress is going to be made unless the resources are made available and resources are going to have to be fought for in the coming period. The January 1975 White Paper projected little growth of expenditure for the future. Cut backs are mainly concentrated in capital expenditure plans so far. The White Paper projected £302.7 millions in the next financial year which is £22 millions above the present years total but £40 millions less than that spent in 1973/4. After this spending is to drop in 1977/8 and 1978/9 when it will be £266 millions. As a result " Many important schemes which it had been planned to start in these years will have to be deferred and many schemes are likely to be significantly modified in the light of the review which is taking place."

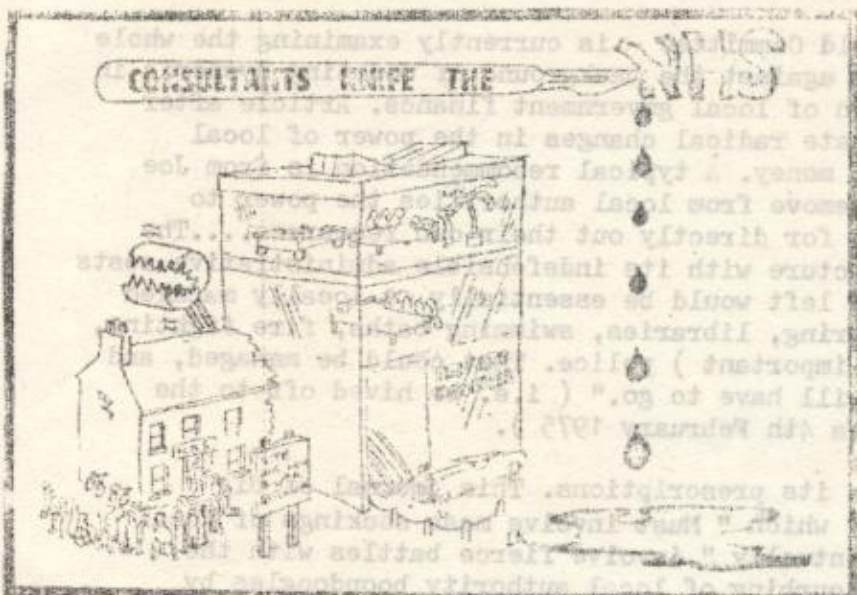
The point was further rammed home by the Budget. Its implications for the Health Service were explained by Barbara Castle in the Commons as follows " I shall be notifying to individual authorities the planning assumptions for capital which they should adopt for the years 1976/7 to 1978/9. It is clear that we cannot allocate more revenue during this period than will ensure that as far as possible the health service will meet demographic and other inescapable commitments and maintain existing standards, and this means that capital allocations have had to be restricted and are likely to be lower than in 1975/6. The resources available for major new starts must not therefore be planned to be greater than in the coming year's programme."

For current expenditure things are not quite so bad - though here again increasing expenditure will not meet any significant increase in the quality of services. " Current expenditure on hospital and community health services will continue to grow at about 2.7% a year from 1974/5 to 1978/9. Part of this annual growth is needed to provide services for the ageing and growing population and to meet additional running costs of hospitals and other facilities."

Given the shortage of resources how will the squeeze on social expenditure be felt? Part of the burden can be shifted onto the health workers themselves - part onto the working class as a whole. For health workers this will mean an attempt to keep wages low and increase the workload. Low wages have plagued the NHS for some time. For one thing health workers tend to be poorly organised and workers have been reluctant to take action where the health of patients might be affected.

This has been ruthlessly exploited by the NHS management to keep pay rises behind the cost of living. In addition 80% of NHS workers are women and, despite the formalities of the Equal Pay Act women are still paid less in that men tend to get the better jobs and many jobs are graded as " women's work ". The exploitation of immigrants has been used as another means of cheapening the wage bill - control of work permits by hospital management discourages militancy. Likewise the exploitation of students is another way used to keep the wage bill down - much of the workload is carried by students who are paid less than fully qualified workers. 30% of radiographers and 50% of technicians are theoretically " in training ". Attempts to increase the productivity of health workers are clearly not so easy as in manufacturing industry but undoubtedly the workload has increased in recent years. Furthermore various schemes are being introduced - thus bonus schemes are being imposed in hospital laundries so as to get more work from each worker.

Low wages and an increased workload are important factors in the explosion of



militancy that has recently hit the health service. It has forced the government to pay up in terms of higher wages so as "to improve morale" as they put it. Now health workers will, like other workers, have to ensure that they protect and extend their gains against inflation.

There are a number of ways in which the cost of the NHS as a whole apart from the obvious one of increasing taxes. One is a move towards community care. This means shifting patients from the institutions back into the community. This has merits in so far as institutionalisation of patients has led to their isolation and alienation damaging personalities and independence. However, effective community care depends on a big infusion of resources - into recreation centres, housing, home helps, home nursing etc. These resources are not being made available as community care is being used as a cheap option and patients ejected into the community are forced to live on their own resources, or those of their families. Another way of accomodating the shortage of finance in the NES is to erode the principle of a free service. Charges for prescriptions and spectacles spring to mind. Schemes have been put forward to charge for such things as hospital meals, consultation with the doctor and routine operations.

It is impossible to assess what effects cuts in the health service budget would have locally - there is simply little up-to-date information available. But Nottingham starts off probably rather worse off than the national average, and therefore already needs the money to catch up with the rest of the country. Prio to reorganisation in 1974 the Sheffield Area Hospital Board was the largest in th country. It covered an area stretching from south Yorkshire, Derbyshire, Nottinghamshire Lincolnshire, Leicestershire and Rutland. This area taken as a whole was the worst provided for in Britain in terms of beds per head of population, and shared bottom place in the league of hospital expenditure per head of population. Thus in 1969/70 hospital expenditure per head of the population was £14.29 for England as a whole but only £11.90 in the Sheffield Board Area.

More particularly local M.P. William Whitlock has compiled a list of the "appalling conditions" at the Nottingham City Hospital. Among the problems he refers to are:
 - beds and equipment are overcrowded, leading to a danger of infection spreading.

- unsatisfactory facilities for treatment of burns and congenital abnormalities
- lack of special facilities in neonatal surgery

Public Spending Cuts and Local Government

A Committee of Inquiry - the Layfield Committee - is currently examining the whole question of local authority finances against the background of mounting hysteria in the employing class at the escalation of local government finance. Article after article in the financial press advocate radical changes in the power of local councils to spend central government money. A typical recommendation is from Joe Rogaly of the Financial Times to "remove from local authorities the power to control any services they cannot pay for directly out their own resources....The present Titipu local government structure with its indefensible administrative costs should be dismantled. What should be left would be essentially a locally managed service for things like rubbish clearing, libraries, swimming baths, fire fighting, personal social services and (most important) police. That could be managed, and financed locally. Most of the rest will have to go." (i.e. be hived off to the central government) (Financial Times 4th February 1975).

The Economist is equally radical in its prescriptions. This journal of big business calls for "effective cuts" which "Must involve mass sackings of local authority staff" and which will eventually "involve fierce battles with the trade unions, because the necessary curbing of local authority boondoggles by competition (e.g. the privatisation of some dustbin collection) will be regarded by unions as undercutting by scabs." The Economist goes on to demand measures for increased productivity in dustbin and garbage collection, fire services, police services, setting commercial targets for cemeteries, crematoria and public transport and so on. It calls for "a productivity scheme to be introduced in the personal social services with "efficiency measured against some usable yardstick to happiness."

To put it bluntly what is being recommended is wholesale sackings and increased work rates for those that keep their jobs. Since the Economist believes that garbage collection is only a third as efficient as it could be it presumably thinks that dustbin men should work three times as hard!

These ravings should not be totally dismissed - they represent what sections of the ruling class are thinking and the general drift of things to come unless a determined fight is put up.

The Effect on Local Authority Social Services

What cuts will mean for local authority social workers has been made clear by a group of 340 social workers in the Manchester area who signed a letter to the Guardian of 24.4.75. This pointed out that:

- "1. Social Service Departments are working in an area of scarce resources i.e. where demand outstrips supply and where the existing level of social service provisions is already woefully inadequate. This means that social workers are becoming increasingly involved in selectivity and means testing along with all the Poor Law attitudes of 'deserving' and 'undeserving' that it implies. Social Service Departments are turning more and more into 'first-aid' agencies dealing only with superficial symptoms, symptoms which become cyclical if the root causes are never touched.
2. Recent legislation such as the 1969 Children and Young Persons Act and the 1970 Chronically Sick and Disabled Act have placed tremendous burdens on the Social Services without a corresponding increase in manpower and material resources. At the same time, there has been increased expectation for social workers to "produce the goods".
3. We are opposed to any attempts to place the onus for meeting the gaps in provision on inadequately supported voluntary organisations and self-help groups. Whilst recognising the value of 'community participation', there is a danger of such phrase becoming an overworked and fashionable cliché and a means to provide a cheap labour force (in terms of recruitment of volunteers) and a number of services on the cheap.
4. Cutbacks in other parts of the public sector i.e. education, housing, public

health will also produce serious material, social and emotional repercussions that will in turn create an increasing number of social casualties.

To summarise, it is our opinion that even a nil growth rate in social services expenditure will have a disastrous effect on already seriously disadvantaged groups in the community. Any attempt to make those who can least afford it, pay for the consequences of the economic crisis should be resisted. It is precisely in a situation of economic crisis that more and more people can be expected to be thrown back onto the social services. Whilst Barbara Castle's challenge to social workers to be involved in the creation of priorities within Social Services Departments may appear to be laudable, priorities decided upon in the context of cutbacks must necessarily be false priorities. We reject such a situation on the grounds that priorities must be seen within a more global context. Social provision as a whole must be seen as the priority."

As yet we are still at the stage where cuts, though minor are relatively significant. For example a study of the minutes of Notts Social Services Committee for 4.7.74 reveals the postponement of a number of projects. Of 35 projects listed to start in 1973/4 and 1974/5 only 12 were definitely to go ahead before 1974/5. A comparison of the April 74 budget with the April 75 budget shows the following. The Gables Day Nursery due to begin in 1975/6 is delayed till 1976/7. A community children's home at Mammon Road near Carlton due to start in 1975/6 is delayed 3 years. A day nursery at Clifton due to start 1975/6 is delayed 2 years. An old peoples home at Radcliffe on Trent due to begin 1975/6 is delayed 3 years. Homes for the elderly at Beeston and the Meadows have been delayed by 3 years and 2 years respectively. 3 day nurseries at Bilborough, Radford and Bulwell scheduled to begin in 1976/7 in the 1974 budget are left with unspecified starting dates after 1979. A home for the elderly combining a day-centre for 40-20 people in Kirkby-in-Ashby due to start in 1976/7 is left till after 1978/9.

Of course, it is quite likely that these projects, having been delayed, will be delayed still further once cuts bite deeper still. It is obvious what the net effect of these cuts are. As we have pointed out with the trend towards 'community care' in the health service, a cheap option is being sought for the care of children, the old and the sick by making them the responsibility of their families and neighbours rather than of society as a whole. Of course, as socialists we are not in favour of isolated institutionalisation of the old and the sick - but neither are we in favour of more unpaid work being required from members of the family in general and housewives in particular, to solve the profitability problems of the employers and the crisis of social expenditure.

Why it is happening - Capitalism's Logic and the Socialist Alternative.

It may be objected that, as yet, there have been no major cuts in social expenditure but rather cuts in the rate of growth of social expenditure from an already high level. This is undoubtedly the way that big business, the Tories and the financial press look at the matter. It is also the excuse given by Labour politicians presiding over expenditure at national and local levels. What concerns these people is that if the government's share of total national production keeps rising then there will be less left over to be divided directly between workers and employers - and profits will decline in a bitter struggle with workers over the share-out of what is left of the value of national production in the private sector. In short, capital, the capitalist state, and the working class each try to obtain a higher share of slowly growing resources by seeking to raise respectively prices, taxes and money wages. This problem is getting worse as the national cake stops growing altogether and gets smaller - as it did last year.

It is possible to temporarily postpone the crunch by borrowing resources from abroad and this is, in fact what has been happening, with £5 out of every £100 spent in Britain being money borrowed from abroad. A good proportion of this £5 has been government borrowed. However, this credit will not last for ever so the pressures are building up to chop public expenditure in line with the decline in the economy. The process of deceleration of growth in public expenditure thus could well turn into an actual decline prodded along by accelerations in the rate of inflation & withdrawals of foreign credit (sterling crisis).

Looking at things in this way it seems that a decline in social expenditure is inevitable and necessary. Yet there are other ways of doing the economic arithmetic than accepting that resources have to be allocated in such a way as to ensure the profitability of the capitalists. If the economy was socially owned and controlled by and for the working class rather than for private profit there is no doubt that the resources could be found to solve once and for all the desperate social problems that social expenditure in capitalist society has so far failed to deal with despite 20 years of economic growth and relative prosperity.

Lots of examples can be given. A cut in military expenditure of one half and the withdrawal of British troops and bases from abroad would release £2,000 m to be spent on areas of urgent social need (quite apart from the other benefit of withdrawing from reactionary regimes and alliances all round the world.) This alone would allow a doubling of the house building programme. Furthermore enormous amounts could be made available from other sources. Building houses with labour and materials used to produce prestige offices is one example - or ending the insanity of unemployment of building labour and resources.

Taken altogether the employment of workers that are currently unemployed is an immense reservoir of potential resources. Unemployment in Britain is now under a million but if account is taken of the people that have not registered as unemployed then many more people are available and willing to work. If only 1½ millions were available for work they could increase production by about £3,500 million a year. Then again there are 1,300,000 workers employed in advertising, financial and legal networks generated by property disputes, property ownership and other "industries" purely necessary to ensure the profits and wealth of our privately owned economy. From all these examples - and many more could be given - it is obvious that Britain's economic capacities could ensure the welfare of all.

Thus the crisis of the Welfare State can ultimately be resolved through the struggle for a socialist Britain. This is what a Workers Solution to the crisis of Social Expenditure entails. Workers must refuse to accept that there is a necessity for cuts just because the employers economy is unprofitable. If the capitalist system cannot ensure the maintenance and extension of social provisions then it is that system that must go not the social provisions. Instead of accepting cuts it is in the interests of the entire working class to ensure social expenditure is maintained and extended as inflation erodes the value of money.

To protect social expenditure against inflation it is necessary to fight for a sliding scale of social expenditure. This means an automatic increase in the budget of the NHS, of the education, housing, and other social services budgets to fully restore the value of those budgets i.e. for every percentage rise in costs, an immediate rise in finance of the same amount. To protect the pay of those employed in or by virtue of these services it is necessary to fight for a sliding scale of wages - i.e. automatic pay increases to maintain the purchasing power of wage settlements in the face of escalating prices. It goes without saying that all redundancies and speed up should be rejected.

These type of demands will only protect social provisions at their present level. They should, therefore, be put forward to supplement demands to extend the social services and social expenditure both in line with growing needs and an improved quality and quantity of service.

In order to pay for all this taxes on big business should be increased - and if they argue that they cannot afford to pay then they should be taken over without compensation and run under workers control. Nationalisation will enable planning to take place in accordance with social needs. Much of the fight against cuts will take place against measures implemented by local councils. Where such councils are labour controlled then there should be a demand that they follow the example of Clay Cross in looking after the interests of local working people and fighting the government on their behalf. They should mobilise local working class support and campaign in the national labour movement against cuts.

This is the kind of approach that Councillor Stephen Evans has argued for on Nottingham City Council. He has put forward a number of questions and motions on the City Council related in one way or another to the general question of public expenditure cuts - rents, cost of living pay increases for council employees, opposition and alarm at government cuts in housing expenditure and so on. For his pains he has now been expelled from the Labour Party by the ruling Dunnet/Carrol machine in the East Nottingham constituency. It is now an urgent task to fight in his defence and for his reinstatement.

Organising the Fight.

Crucial to this fight is the question of public sector alliances and, more generally, the need for solidarity from the entire working class for workers in the public sector. It is, after all, clear that the entire working class stands to lose from cuts in social expenditure and it is self-evident that many sections dependent on the level of social expenditure do not have a great deal, if any, industrial power of their own. This is most obvious with the old and the sick and others in receipt of benefits on whose behalf other sections of the working class must take action. It is also true for other sectors like teachers, health workers, social workers and the like who cannot bring the economy grinding to a halt through strike action. The example of solidarity actions from the dockers, miners and engineers in the nurses struggle is a good one to follow.

A public sector alliance is an added necessity to prevent competition between different recipients of social expenditure for the more limited funds available. There is a real danger that public sector employees could get drawn into the plans of the authorities recommending that others - and not their particular section - are more appropriately made redundant. It seems that this may have happened to some teachers while Oxfordshire County Council were drawing up their case study on the effects of education cuts. Apparently some teachers expressed the view that it would be preferential to cut non-teaching staff in outdoor pursuits centres rather than teachers if the County Council were to go in for the zero growth option. Happily Oxford also sets a good example for co-operation between the NUPE, NUT, APTI, NAS, NALGO, FBU and NUAAW which all united to oppose actual cuts agreed by the Council. In Nottingham a useful liason has been set up between various unions in the Education Sub-Committee of the Trades Council. Such co-operation and the organisation of effective solidarity for workers in struggle is what will be necessary in the period to come.

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