

Green Party press office briefing on the principal budget measures

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1. The Green Party's major concern with the budget is the overall strategy – that is aiming remove the entire deficit by 2015 or earlier, starting immediately and doing so by 80% cuts in public spending and 20% tax increases, because:

- Doing so as fast as will probably send the economy back into recession with increasing unemployment.
- There is no evidence that our level of borrowing could not be brought down more slowly, so there's no need to panic.
- We are missing the urgent opportunity to invest in the Green New Deal, an investment package that could create a million UK jobs and training places.
- Cutting public services rather than increasing taxes on the more wealthy hurts the poor and vulnerable.
- There are plenty of ways of taxing the wealthy more, not least by cracking down on tax evasion and avoidance (see <http://www.greenparty.org.uk/news/2010-06-19-callous-cuts-report.html>).

2. Notes on some of the detailed budget measures are below.

Measure	Response
Apart from NHS and aid, cut Departmental budgets by 25% over 4 years.	These are massive unnecessary cuts. Front line services like education will be affected. It is a political choice to reduce the size of public services this way, not an economic necessity.
Raise VAT from 17.5% to 20%	A huge hike in the cost of almost everything we buy, which hits the poor hardest. An alternative that would raise about the same amount of money would be proper taxation of aviation.

Measure	Response
Cut £11bn from welfare budgets by 2014, starting with a freeze on Child Benefits, reductions in higher Housing Benefit payments and medical testing for Disability Living Allowance.	Major worry is what has not been announced here – it must reduce the income of some of the poorest and most vulnerable. Child Benefit cut amounts effectively to a real cut of 6% over three years. This will be cut from the poorest families as well as the richest.
Freeze Council Tax for one year.	Will force councils to cut local services. We'd prefer a reform of Council Tax which would make bigger houses pay more and smaller houses less, with a new band for very big houses.
Income tax allowance raised £1000 to £7475.	Will help low paid, but will help those on middle incomes more. Would have been better to re-introduce the 10p tax band for those on the lowest incomes.
2-year freeze on public sector pay, with those under £21,000 getting a flat £250 extra each year.	Even the low paid will be getting a real pay cut – £250 is a 1.2% pay increase when inflation is expected to be 1.6-2%. Public sector workers are not to blame, so why pick on them?
Capital gains tax rates to be moved closer to income tax rates.	In the right direction but not enough. There will still be incentives to avoid tax by re-classifying income as capital gains.
Green Investment Bank.	Welcome, but no detail in the speech and almost certainly too small and not equal to the urgent task of tackling climate change.
Pensions-earnings link to be restored from April 2011.	Welcome, but Tories removed it in the first place with the result that pensions are now at a derisory level. We'd take all pensioners out of poverty with a Citizen's Pension of £170 pw.
£150 in child element of Child Tax Credit.	Welcome, but partly canceled out by effective real reduction in Child Benefit.
Levy on bank balance sheets.	Welcome, but would have preferred a Robin Hood Tax on all transactions between financial institutions, which would raise more money and discourage speculation.