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NEWSLETTER 9  
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# Scottish Unemployed Workers' Network

### **Disaster Capitalism**

When Warren Buffett made his observation about class war the economy appeared to be booming. Less than a year later, the economic bubble burst. The same month that panicking customers queued outside Northern Rock, a book was published that described how people in power had been systematically exploiting disasters to their own benefit. Naomi Klein's *The Shock Doctrine* described events that had already happened, but it also proved a frighteningly accurate description of how the new economic crisis would be employed to further benefit the rich and powerful. The very people responsible for the crisis – the big financiers and their friends in government – have been able to use the chaos and fear that it caused as an excuse to clamp down on everyone else, and especially on the working class.

'Austerity' is not being imposed for the good of the country. As we have seen, it has been pretty disastrous for the economy - but it has very effectively scythed through workers' rights and social security structures that had been built up in response to generations of campaigns. The class war of the rich has entered a new phase of widespread destruction.

So far, cuts have crept up on us a bit at a time, and with all the major political parties and the mass media parroting the 'need' for austerity, resistance has been relatively muted. But people are waking up to what is happening. Our centre pages look at the battery of cuts being made to our social security safety net; and our final article looks at predictions of unrest. We need to make sure that the growing anger is directed towards real positive change.



*'There's class warfare, all right, but it's my class, the rich class, that's making war, and we're winning.'*

Warren Buffett, one of the richest men in the world,  
quoted in the New York Times, 26 November 2006

Please find us on

**[www.scottishunemployedworkers.net](http://www.scottishunemployedworkers.net)**

(where you can also link to our Facebook Group)

and contact us on **07803 052239** or at

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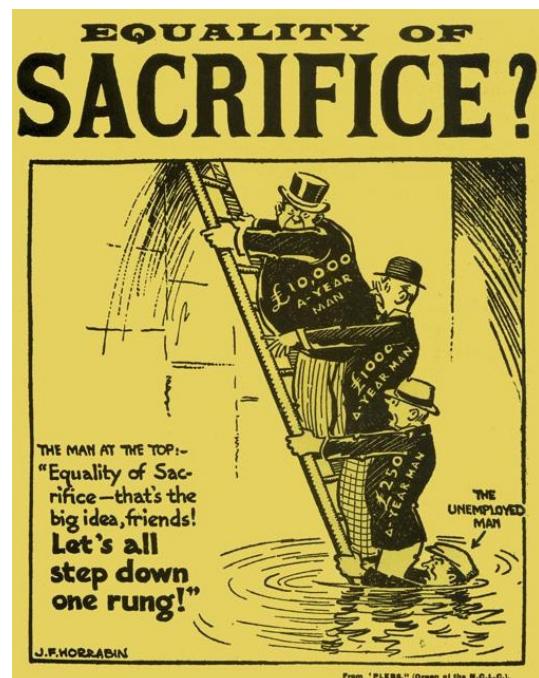
Sarah Glynn examines how Westminster is administering

## DEATH BY A THOUSAND CUTS

The ConDem Government is determined to use the economic crisis to crack down on the poor, and this is demonstrated by their persistent attacks on social security. By 2014, the annual social security budget will have been reduced by £18 billion a year – and even bigger reductions have been threatened. The effect of such cuts on people already struggling to make ends meet is predictably horrific. Every cut hurts. At the same time, this large sum of money is only a fraction of the £120 Billion gap between the taxes that are owed by big companies and rich individuals, and the taxes they actually pay. And the social consequences of the cuts (such as growing homelessness) will actually prove very expensive as well as inhumane. But this isn't about saving money. These cuts are helping to turn Britain into a low wage economy, where workers are terrified to do anything that might endanger their jobs. Anyone who stands up to their boss may find themselves thrown on the severely damaged welfare safety-net. So, rich elites are left free to impose their will.

Few benefits have been left untouched. Some of the most devastating changes are described below, but these are made even worse by the addition of many others. The long list of changes can be found on the Child Poverty Action Group (CPAG) website:  
[http://www.cpag.org.uk/sites/default/files/CPAG%20factsheet%20The%20Cuts%20Jan%202013\\_0.pdf](http://www.cpag.org.uk/sites/default/files/CPAG%20factsheet%20The%20Cuts%20Jan%202013_0.pdf)

Attacks specifically levelled at the unemployed have been made through the increasingly punitive regime of rules and sanctions that we have looked at in previous newsletters. And, besides all the individual cuts, most benefits and tax credits will be pegged to rise only 1% a year. This is less than inflation so means a fall in real value. It is also a fundamental attack on the purpose of benefits, which are meant to reflect actual living costs.



*This 1929 Labour election poster has been much reproduced since being quoted by David Miliband. It certainly shows just what cuts mean for those at the bottom, but an illustration of the situation today would show the super-rich moving even higher up the ladder at the same time as those below go down. And today's Labour party are also asking the great majority of people to move downwards - they are just asking them to move downwards a little more slowly than the Tories are.*

Some of the most disruptive cuts are those to housing benefit. Already, caps on housing benefit have closed off access to most private rented housing, and single people under 35 are only eligible for the cost of renting a room in shared accommodation – so goodbye private life, and don't even think of having the kids to stay. From April, the cap on overall benefits will mean that many households will get much less towards rent. This cap has been imposed without any reference to households' actual living costs, and will especially hit big families. (CPAG notes that once the cap is imposed an unemployed couple with six children will get no help with the rent.) And then, of course, there is the 'bedroom tax', also due to come in in

April. This applies to people of working age (not pensioners) in social housing who, in the opinion of the government, have more bedrooms than they need. One 'extra' bedroom and housing benefit will be cut by 14%, two or more 'extra' bedrooms and it will be cut by 25%. This will affect over 100,000 Scottish households, who will be forced to move or amass unpayable debts. Never mind the fact that smaller homes for them to move into do not actually exist. Never mind that for many households an additional room is a necessity – disabled people can sometimes need someone to stay overnight, estranged parents need to have room for children to visit, couples with health problems may need their own rooms... It has been pointed out that the bedroom tax could end up costing government a lot of money, but this was never primarily about making savings. It is part of the Tories' assault on the whole concept of social housing.

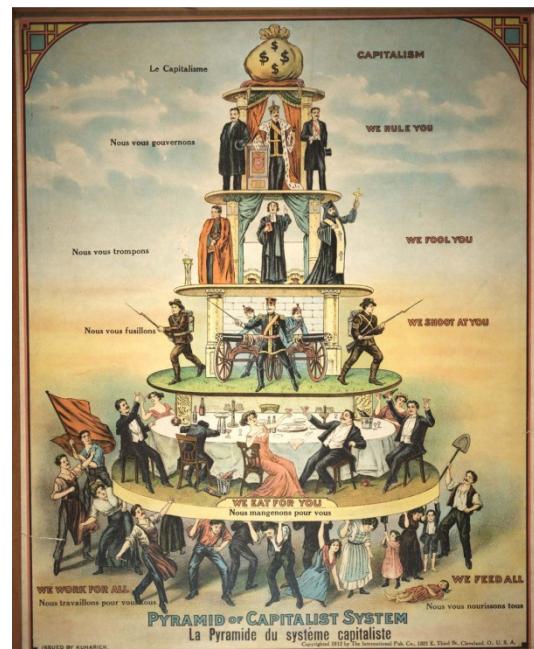
To be poor is bad enough, but those who are poor and disabled seem to have earned double punishment. Replacement of Incapacity Benefit by the Employment and Support Allowance (ESA) was started under Labour. Instead of relying on GPs who know their patient's medical history, qualification for the ESA depends on a tick-box test that is administered by a private IT company. And this has been designed to reduce significantly the number of sick and disabled people qualifying for benefits. Despite a mountain of evidence that these tests are not only inhumane but frequently so manifestly wrong that they are reversed on appeal, the current government is determined to continue with the system. ESA is meant to provide living costs for those unable to work. Disabled people (both in and out of work) may also qualify for Disability Living Allowance to cover the extra costs in care and transport resulting from their disability. From April this will begin to be replaced by a new system of Personal Independence Payments that will deliberately help fewer people.

Despite Tory claims to care about the family, many grants aimed at families have been cut. Single parents on

benefits are now expected to be available for work as soon as their youngest child is five; and of course the changes to housing benefit seem designed to make it difficult for estranged parents to keep up contact with their children.

Then, from October, people will begin to be moved onto Universal Credit despite its many predicted problems...

While the Tories seem actually to enjoy making life for the poor even harder, some of these changes were started by Labour, and Labour has expressly refused to commit to reversing any cuts should they be elected next time. The behaviour of the two main Westminster parties reminds me of my great aunt's description of two landlord brothers: 'one would leave you with just a shirt, the other not even with that'.



*Just as in the famous image of the capitalist pyramid, published by the Industrial Workers of the World in 1911, the rich are actually being raised up high on the backs of the working-class below.*

If you want to find out what benefits you are eligible for there is an online programme at [http://www.turn2us.org.uk/benefits\\_search.aspx](http://www.turn2us.org.uk/benefits_search.aspx). The Citizens' Advice Bureau and Welfare Rights offices will also help.

Sean Clerkin of Citizens United Against Cuts to Public Services discusses

## CLASS WARFARE TO COME

'I Predict a Riot' may be a popular song, but it is becoming more likely to happen.

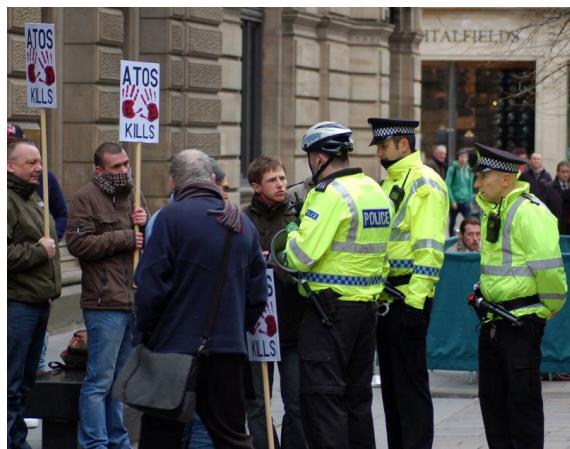
Jacopo Ponticelli and Hans-Joachim Voth, in a recent study which they summarised in a Guardian article dated 16 August 2011, stated that there is a clear link between cuts in public expenditure and social unrest. They examined 28 European countries from 1919 to 2009 and 11 Latin American countries since 1937, and found 'a clear and positive statistical association between expenditure cuts and the level of unrest'. They found that the larger the cuts in public expenditure, the more social unrest there was in terms of 'riots, anti-government demonstrations, general strikes, political assassinations, and attempted revolutions'. In fact, when cuts rose above 3%, the number of incidents doubled. In the UK, the academics found that instability was worse for every % cut in public expenditure than the average for other countries.

The Tory-Liberal Democrat Coalition is trying to destroy the Welfare State, ensuring no proper safety-net for poor and vulnerable working-class people. The resulting social chaos in terms of homelessness and malnutrition is likely to greatly increase the risk of riots in the UK, and to make these much more widespread than the inner-city riots in 2011. Cameron and Osborne are the architects of a class war between the

haves and the dispossessed working-class.

The banksters ruined the British economy and were bailed out to the tune of £1 Trillion. They have not paid back a penny to the public sector, and not one of these fraudsters has been jailed for their crimes. The politicians of all mainstream political parties do not want to call in the law as they were all part of the same greedy criminal upper class that for years has operated a system that held down real wages and funded the economy through a credit bubble that has burst. This criminal class lives totally divorced from the suffering of their fellow citizens. Riots, strikes, violent demonstrations and other ways of fighting back will come like a tsunami. This has also been predicted by the billionaire George Soros. The leaders of North East city councils in England and a leading executive in the International Red Cross have also forecast violent riots in the wake of the Osborne-Cameron austerity programme.

The next few years are very likely to witness an all out class war, with riots and social instability being the norm. People will not have lived through such a period since the early part of the 20<sup>th</sup> Century. The criminal Tory-Lib Dem Government will be responsible for all the social chaos that occurs as the working-class become increasingly politicised and workers fight back and assert their rights.



*On 22<sup>nd</sup> February, 2 members of Glasgow Against ATOS were arrested by a large group of policemen as they took part in their peaceful monthly picket – and charged for using a megaphone! This attack on the right to protest suggests that Strathclyde Police are getting ready for further unrest and attempting to frighten off potential protestors. (Bail conditions include a ban on attending demonstrations in Glasgow city centre.) ATOS is the IT company that runs the brutal and demeaning assessments for Employment and Support Allowance.*