

Britain: Planes, trains and a cost of living crisis

Thursday 16 June 2022, by [PASHKOFF Susan](#) (Date first published: 13 June 2022).

As we prepare for the TUC 'We Demand Better' march on 18 June, Susan Pashkoff comments on the latest series of crisis to befall the Conservative Government.

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I wish that I could clone myself. That would be the perfect solution to wanting to be in several places at the same time, at in-person and online events resisting a range of appalling actions by the Westminster government – not to mention the upcoming decision to overturn abortion rights in the US. (I have gotten into the habit of checking the [SCOTUS calendar](#) to see when decisions are being made and to see if they deign to say what cases they are ruling on in advance).

Deporting refugees and migrants to Rwanda is an appalling attempt to scare the hell out of desperate people crossing the English Channel in small boats from France. There are only a few specific countries and circumstances where refugees are permitted to come to Britain legally which has led to this situation. But Home Secretary Priti Patel refuses to accept the government's legal – as well as moral – obligation to provide a safe and legal route for all refugees. She insists that the real problem is evil people traffickers bringing "illegal" people to the country and "since they are illegal, they clearly they have no rights under international law".

This horrific policy is an attempt to play on racism and xenophobia in Britain. Even Prince Charles said it was appalling. But it worked with Brexit, didn't it? And with Johnson under pressure after the size of the no-confidence vote against him, playing to the right-wing of the party is very useful. They hope to distract people from the reality that they cannot afford to eat, heat their homes and fill their cars with petrol on the same day.

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The first flight with refugees being sent to Rwanda is set to leave on Tuesday 14 June. Human Rights organisations and campaigners responded strongly with legal as well as protest action. The [PCS](#) Trade Union whose members could wind up violating international law if their jobs are involved.

On Friday the high court ruled against giving campaigners [the injunction](#) they needed to prevent Tuesday's flight. This was despite the fact that the court dramatically heard, from the United Nations refugee agency UNHRC itself, that Patel was ignoring their frequent advice about the

illegality of the scheme. Instead, the judge ruled that there was a 'material public interest' in allowing the flight to go ahead – despite the fact that there is no evidence that the policy will limit tragically dangerous channel crossings or the profits of people smuggling. The decision is being appealed today.

In the meantime, a small number of those who had received notice that they would be on the flight have had this withdrawn and individual cases will also continue, potentially up to the last minute.

The Cost of Living Crisis

The cost of living crisis in Britain is a result of both international and specifically British factors. The former include the suppression of wage growth brought about by austerity in the advanced capitalist world and supply-chain linkages being broken during the pandemic.

The Russian invasion of Ukraine and bans on purchases of Russian oil and natural gas are raising prices in countries dependent on importing that fuel. Countries in the global south that are not food sovereign due to neoliberalism and export-led growth policies demanded by the World Bank are dependent upon foreign grain, with Ukraine and Russia being primary suppliers. Famines and droughts have also impacted grain production and while the US can step in the prices will be high and they cannot cover the quantities.

Britain does not get [much](#) oil and natural gas from Russia (Britain got only 8% of their oil from Russia; most imports come from Norway, then the US, and Canada) and is not dependent on grains from Russia and Ukraine. So, whatever is causing the massive increases in prices of oil and gas and food in Britain is a different problem. Part of the specific British problem is Brexit – something that Boris Johnson's government denied would be a problem when Britain left the EU. Increasing food prices related to supply chain disruptions and tariffs on imports from the EU – which we argued would happen in Britain with Brexit, given that Britain is not food sovereign and has not been for a while. It also does relate to increases in transport costs domestically and internationally due to rising fuel prices.

This rise in prices due to the breakage in supply chains (and import duties) is compounding the long-term problem in Britain of stagnant money wages, the destruction of working conditions, the increase in precarious working conditions and the policies embodied in Universal Credit which was not meant to enable people to survive on benefits.

The whole point of the way Universal Credit was established was that those out of work could not have an income higher than those in employment (the principle of "[less eligibility](#)" borrowed from Jeremy Bentham and [the 1834 Poor Law Amendment](#)). Moreover, it put into place a budget cap which would be partially lifted once you went into work and if you didn't do this, there were sanctions in place to stop your receipt of benefits. Changes were introduced to make it harder to get benefits to cover the specific costs of dealing with being disabled, including harsh assessments for those already on benefits (Tony Blair the then Labour Prime Minister had already introduced this for new benefits applicants).

Many disabled people have refused to change over to Universal Credit because this would mean a severe cut in income and still remain on their previous benefits, known as legacy benefits. In the middle of the cost of living crisis, the government is trying to force those still on legacy benefits onto Universal Credit.

Chancellor Rishi Sunak was forced by the dire situation with rising food and fuel prices to introduce

some [policies](#) to ameliorate the crisis. Some were progressive, helping the hardest hit by the crisis, *e.g.*, disabled people, elderly people and those with low incomes and dependent on welfare benefits. But benefit levels including pensions are tied to a lagged CPI, so the annual increases were already too low to address the rising prices of goods.

The impact of the cost of living crisis was far worse for those that were already struggling. The cost of living is [disproportionately](#) hitting minority ethnic and marginalised communities in Britain; according to research conducted by [People Like Us](#):

“According to the research, over a third of people from [racially diverse backgrounds](#) can no longer afford to pay their bills, rent or mortgage each month compared to a quarter of people from white backgrounds. Consequently, the same percentage of [ethnic minority professionals](#) are looking to downsize or plan to move back in with their families. Around a third are also projected to rack up extra debt by taking out loans or spending on credit cards, and another third are borrowing money from someone they know.”

So Sunak’s one-off package of £650 for all those on benefits (including those on legacy benefits will help with rising prices, rents and energy costs. And these policies target rising fuel and heating prices, they did nothing to help with food prices. It was a step forward that the £650 is for all existing claimants – but not if you apply after the date of the announcement.

This one-off payment was only meant to be a short-term sticking plaster (band-aid) and not a way of addressing the problems that exist due to the manner in which the Universal Credit has been created. But wouldn’t a better policy be uplifting all benefits by £20? This was done for Universal Credit claimants during the pandemic but not for those on legacy benefits.

Several of Sunak’s policies (*e.g.*, the one-off £300 increase for the Winter Fuel Allowance for elderly people, and the £400 grant to all households) go straight to the fossil fuel industry.

They do help pay heating bills but also ensure profits for the fossil fuel industry. They could have forbidden these companies from raising prices but they didn’t. Is the cost of living crisis going to be used to abrogate COP26 agreements? When the right-wing [Daily Mail](#) suggests this and even raises evidence, we really do need to be concerned.

Additionally, while Sunak impose his 25% ‘energy profits levy’ (to avoid conceding the demand for windfall taxes from Labour and campaigners), they also provided subsidies for reinvestment in production for these companies. Investment or reinvestment is subsidised by the British government to the tune of 80%.

Sunak claimed that this was done to address the “supply crisis” in fossil fuel production. But most oil and gas is either domestically produced or purchased from Norway, and North America and therefore not strongly affected by sanctions against Russia. But rather than support sustainable energy generation in Britain (*e.g.*, wind, tidal and solar), they throw money at continued investment and reinvestment in fossil fuel generation.

So the cost of living crisis is [continuing](#) despite the attempt by [Rishi Sunak](#) to pretend to oppose the massive profits of the fossil fuel industry. The £5 bn earned on windfall taxes doesn’t cover the whole £15 billion package and it is not clear where the difference will come from.

Rather than increase the ridiculously insufficient “living wage” (minimum wage) which would

provide longer-term support for workers in Britain whose wages have been stagnant and still not recovered to the levels of 2007-8, they argue that it would set off a “wage-price spiral”. That could be the case if rising prices were driven by workers’ demand, but they are not. They are being driven by rising profits and passing on cost increases in industries that use fossil fuels for inputs and transportation purposes.

Being an intermediate product, oil and gas enter the production of many commodities either directly (energy costs) or indirectly (e.g., transport costs). As [Ozlem Onaran](#) says:

“Let us get things right: inflation is an outcome of conflicting claims over the distribution of income. Currently the profit share of the employers and the wealth of the top 1% are being protected, while workers’ share in national income is being squeezed by the spike in the cost of energy, wheat, and other essential imported inputs. The Bank of England (BoE)’s governor has warned of apocalyptic prices and implied that workers must pay for the crisis by capping their wage demands. The current policies of the BoE to increase the interest rate will not cure inflation, because today’s inflation is not demand-driven, but it is pushed by the rise in imported input costs. The increase in the interest rate will just give more money to the wealthy who already own assets. There is a major problem with the current mandate of the BoE targeting narrowly the inflation rate at a level as low as possible (2%): it always comes at a cost to the workers either as high unemployment or bad jobs, such as zero-hour contracts. This only helps the rentier who make profits by speculation and lending, because their real return, i.e., the real interest rate is the nominal interest rate minus the rate inflation rate. Hence inflation being as low as possible is good for the rentier, while high unemployment and/or bad working conditions are bad for workers. It does not have to be like this, particularly after a decade of squeeze in wages. We could also say that the super-rich must pay.”

As wage incomes (wages and benefits) collapse under soaring rising prices, profits and rents are rising. The ruling class is passing on rising costs onto the working class (protecting its revenue of profits and rents) so the burden of the cost of living crisis is falling on working-class people (employed and unemployed). This is because the real wage (wages divided by prices) is falling and what we can buy with our wage income is shrinking. This is happening not only in Britain but in the US, according to the [Economic Policy Institute](#):

“The overheating view often emphasizes the atypically fast nominal wage growth of the past year as justification of their arguments. But this nominal wage growth—while fast compared to the very recent past—still lags far behind overall inflation and hence signals that labor costs are still [dampening, not amplifying](#), inflationary pressures.

In short, the rise in inflation has not been driven by anything that looks like an overheating labour market—instead, it has been driven by higher corporate profit margins and supply-chain bottlenecks. Policy efforts meant to cool off labour markets—like very rapid and sharp interest rate increases—are likely not necessary to restrain inflationary pressures in the medium term.”

Blaming price rises on working-class demand doesn’t hold water. It is rising profit margins and speculation that are behind the spiralling inflation and arguing that there is a danger of the creation of a wage-price spiral if wages are increased is fallacious. Right-wing economists and politicians are arguing this to hide what is actually happening.

Further Struggles Ahead

There are additional problems for working-class people in Britain deriving from the privatisation of the public sector, the weakness of trade unions especially in the private sector, the increased precarity of work and the destruction of long-term work contracts. There are additional problems caused by Brexit.

As in many advanced capitalist countries, policies of neoliberalism used export-led growth strategies. Goods produced for external sale meant lower wages and domestic demand were less relevant. Export-led growth policies were used to lower subsistence levels of wages through the stagnation of wages and initially wage freezes and then limits to wage increases in the public sector. The destruction of wages and the boosting of profits were the response to the 2007-8 crisis. Wages essentially stagnated. Offshoring of industrial manufacturing and production has also weakened the labour movement.

The privatisation of parts of the public sector enabled the further lowering of wages for workers in privatised sectors through the use of agency labour with limited contracts and zero-hour contracts; part and parcel of austerity introduced following the recession of 2007-8. The destruction of longer-term employment contracts in unionised sectors including sub-contracting rather than direct employment deliberately weakened trade union power in the relatively well-unionised public sector. They also made the conditions of individuals much worse. The most draconian anti-union laws in the advanced capitalist world make these conditions harder to fight.

Given this situation, with stagnant growth, the pandemic led to rising unemployment. Furloughed wages never covered the full level of wages earned and Universal Credit (even with the £20 uplift) for those unemployed during the pandemic meant that wage levels were already low heading into the recovery. Now the cost of living crisis has made things even worse creating a massive increase in usage of foodbanks, and rising evictions as well.

The sticking plaster of policies by Rishi Sunak will not be enough to contain the impact on the cost of living because the problem is structural in terms of wages, employment and benefits provision. The Tory government is pretending this is a short-term crisis, even though its intensity reflects over a decade of policies designed to keep profits up at the expense of wages.

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Low pay and poor conditions led many British workers to stop working in jobs where their hard work was not rewarded with decent pay and working condition. Large numbers of migrant workers (*e.g.*, nurses from the Philippines, care workers from the EU and Global South, agricultural workers from poorer EU countries, and cleaners and cooks from the Global South work throughout the public and private sectors and have provided a lot of the labour there. But Brexit has reduced the number of workers coming to Britain to do these jobs. So there are not enough workers to do the jobs that must be done to keep Britain functioning. Add to this, the loss of jobs during the pandemic, people being sacked and not being replaced means that there are not enough workers to do these jobs and those that are there unable to cover for the insufficient size of the workforce.

Recently, it has been noticed that there is a blockage in accessing new passports due to an insufficient number of workers. Boris Johnson's "brilliant" suggestion was to [privatise the passport service](#) thereby saving the government the costs of hiring more people which are needed to enable the service to function. He ignores the fact that when this happens, they will need to pay benefits to those sacked and the loss of skill and knowledge which will happen when agency workers (it will most likely be a Serco or another outsourcing company whose primary goal is to maximise profit) are brought in to do the work of skilled labour.

This is almost a constant in Tory Britain. Cut funding to a service and then when workers are not able to do the work, privatise the sector which destroys the service which now has to create a profit to survive. Profits become more important than the quality or quantity of the service provided (Look at the [care sector](#) for a perfect example).

There has been a way overdue revival of industrial action in Britain due to the spiralling costs of living. In April, [The Guardian](#) reported that:

"Over the past 12 months, the Trades Union Congress has logged at least 300 disputes in different industries, indicating that more and more workers are challenging below-inflation pay offers after a decade of [wage stagnation](#) following the 2008 banking crash.

Organised workers in some sectors are racking up sizeable wins, despite [inflation shrinking pay packets](#) overall. The GMB recorded six such victories over the past five months, including outsourced refuse workers in Eastbourne and Hastings securing 19%-plus rises. Unite has secured 35 wins in recent months, including warehouse workers at B&Q's national distribution centre in Worksop, Nottinghamshire, operated by the logistics firm Wincanton, who gained a near-11% pay boost after taking strike action.

There is a growing willingness to threaten or use strikes to force companies to match soaring price inflation, which the Office for Budget Responsibility [estimated](#) last week would cause the fastest fall in living standards since modern records began in the 1950s."

In the summer expect to see a massive increase in worker actions in response to the cost of living crisis and threats to hard-won pensions. Given anti-union laws require a high threshold of workers participating in strike ballots and positively voting to call a strike, it is far easier to get a local strike rather than a national one. So most strikes are local (*e.g.* against local council policies, staff at single schools striking over pensions, bus workers in various areas, wage struggles over privatisations at hospitals and local government contracts), and there has been a significant uptick in industrial actions and more are expected as the cost of living crisis hits further.

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This increasing level of activity at the base as well as the Tory attacks is part of the context in which the Trade Union Congress (TUC) finally decided to call a national protest on June 18th in London.

There was a successful London tube strike on June 6 and [further strikes](#) are planned by the [RMT](#) Union over job cuts as well as wages. [Bus drivers](#) and [other rail workers](#) ([TSSA](#) and [ASLEF](#)) are planning strikes in July during the Commonwealth Games.

The Tories are not happy about this and Transport Secretary Grant Shapps has [threatened to hire agency workers](#) as scabs in the hope of breaking these strikes. This was in the last Tory election manifesto but they are now threatening urgent legislation in response to rising militancy. The danger of bringing people in with completely inadequate training is terrifying.

When US air traffic controllers went on strike President Ronald Reagan brought in the military to do their jobs. He was explicit that his aim was to [break the PATCO union](#) that organised the strike. This policy advocated by the Tories is a violation of the right to strike which is part of Human Rights law. But then again human rights and International Human Rights Law have never stopped the Tories (look at the Rwanda deportations of refugees and migrants for example) from abrogating their international obligations.

Even treaties signed by Britain with the EU around Brexit which ensured open borders between Ireland and the North of Ireland as agreed in the Good Friday agreement ([Northern Ireland Protocol](#)) are expendable. A border in the Irish Sea was a compromise proposed by Britain – indeed by Johnson himself. But the Democratic Unionist Party (DUP) opposes it and is refusing to join the newly elected Northern Ireland Assembly (in which they no longer hold the majority) unless something is done about this protocol. As an understatement, the Irish Republic and the majority of the Northern Ireland Assembly are beyond angry and certainly when these policies are announced, the EU will be seething. Would you sign a treaty with a country that breaks said treaty and violates international law which they are insisting that they aren't doing? Opposition leaders are asking for a clarification of the legality of the proposal (certainly they could say more, don't you think?).

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P.S.

• Anti*capitalist Resistance. 13 Jun 2022:
<https://anticapitalistresistance.org/planes-trains-and-a-cost-of-living-crisis/>