

Budget 2011: A footnote to the existing agenda, but the public is waking up to the attack on the welfare state

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Richard Hyman offers this short comment on the 2011 Budget in light of Saturday's demonstrations in London.

Last week's budget was a footnote to the agenda already in place. The rise in VAT to 20 per cent is a regressive tax that hits hardest those with the most limited means. The savage public expenditure cuts could cause half a million job losses in the public sector with knock-on effects in the private, and will devastate many of the services on which the most vulnerable in our community depend.

As Saturday's massive protest demonstration proved, the public is slowly waking up to the government's ideologically driven attack on the welfare state. Against this background, the budget itself was essentially cosmetic. With two exceptions: first, it showed that the government's 'green' policies are merely a fair-weather commitment.

Second, money could be found for a 2 per cent cut in corporation tax, to what was proudly proclaimed as the lowest rate in the G7 – in other words, an enthusiastic engagement in tax dumping. The other hand-out to the rich was the declaration of intent to abolish the 50 per cent tax rate on top incomes. All in it together?