

# Public spending myths

**It's an uncertain and confusing time. People will try to exploit this by spreading misinformation and creating scapegoats. Some are even saying that public services are part of the problem. Here are the facts.**

## **Was this crisis caused by too much public spending?**

- the UK still spends less (21% of GDP) on public services and social security than France (29%), Germany (27%), Italy (25%), or Sweden (29%).
- before this crisis, total UK public debt was less than 40% of GDP – lower than other comparable economies and lower than it was in 1997.
- irresponsible borrowing and lending in the private sector caused this crisis – in 2008 household debt was 109% of GDP, and corporate debt almost 300%.
- public deficits are now rising fast because the government has had to take on the private sector's bad debts and counteract the damage to the economy.

## **Are public services a waste of money?**

- there are examples of waste, like PFI or management consultants, but most of the money goes to help people in need or improve everyone's quality of life
- public service productivity has been improving consistently since 2003 – for every pound put in, we get more and better services in return.
- investing in public services also helps local jobs and businesses – for every pound spent, 64 pence is recycled into the local economy.

## **Do I get anything in return for the taxes I pay?**

- the average UK household relies on benefits and public services worth more than £10,000 every year – more than they contribute in direct or indirect tax.
- those in greater need, such as the elderly, people with disabilities or children in poverty, rely on public spending even more – and would be hardest hit by cuts.

*"In every downturn, politicians and press turn on the public sector – feather-bedded, gold-plated, protected... Picking on choice examples of public excess, the right aims to persuade voters to cut services in ways that will cause immense public harm."*

**– Polly Toynbee, *The Guardian***

## Are we paying for lots of 'non-jobs' in public services?

- some job titles sound odd if you don't know what they mean – but they usually turn out to be important and valuable if you look into it properly
- the public sector employs fewer managers per worker than the private sector, and fewer administrators per worker than the private financial services sector
- the real problem in our public services is staff shortages – for example we don't have enough midwives, youth workers, planners, social workers, or carers

## Do public service workers have it easy?

- 26% of public sector employees feel "very stressed" or "extremely stressed", compared to 18% in the private sector
- 31% of local government workers and 52% of NHS workers regularly work overtime without receiving any extra pay or time off in lieu
- public service workers take no more sickness absence than workers of the same age and gender employed in the private sector
- last year there were 48,000 redundancies in 'education, health & public administration'; many more are expected this year

## Are public service workers over-paid?

- the richest 1% of the UK population take home more money every year than the total pay bill for the NHS, schools and local government put together
- the majority of public service workers earn less than £22,000 a year, and 20% of them – more than 1.5 million in total – earn less than £7 an hour
- since 1997 public sector pay has risen less than private sector pay, and for the past few years public sector pay deals have been below-inflation
- the average pension for a local government worker is about £4,000 a year, or £1,600 for women
- the average NHS pension is about £7,000 a year, or £5,000 for women – this figure includes higher paid doctors; most NHS staff get much less

## Does the recession mean public services have to be cut?

- right now the government should be borrowing to increase social spending. Cutting benefits or services would make the recession longer and harder.
- in future years we will have to reduce government borrowing. But this can be done by raising taxes or cutting spending in other areas. It's a political choice.
- more people think the government should raise taxes (53%) rather than reduce spending on public services (35%) as a way of paying back public debt.
- billions could be raised by ensuring big companies and the super-rich pay a fairer share of tax. More could be saved by cancelling Trident or ID cards.

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