Radical Options for Scotland and Europe

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Deepening austerity:
Impact of Autumn statement on Scotland

The major impact for Scotland, as for Britain as a whole, will be a reduction in government funding mainly for 'unprotected' departmental spending with serious consequences for the public sector. According to Fraser of Allander, the consequentials for Scotland will mean a reduction of 2.3 percent real terms spending from 2025-26 for departments covered by UK budgets for housing and communities, Levelling Up, Justice and Home Office The cuts are similar in scale to those imposed by Osborne after 2010. By 2028-29 the Office for Budget Responsibility forecasts a reduction of resource spending by 0.6 percent of GDP and 0.5 for capital spending, Household income is estimated to remain below pre-pandemic level till 2026-27 and real income in 2024-5 will be 3.5 percent lower than 2019. The cuts in National Insurance will benefit the highest 10 percent of earners by £745 a year and lowest by £154. The permanent writing off of investment against taxable profit is estimated to increase investment by £3 billion across Britain at a proportionate cost to the exchequer. Additional analysis: OBR, Resolution Foundation, IFS.

Closure of the Ineos Refinery at Grangemouth

Closure was announced on 23 November and is to be completed by 2025. The site will revert to being a terminal for the Forties field and for the import of oil from elsewhere. Over 400 jobs will be lost as well as the supply of refined oil products that currently feed local plants producing plastics, chemicals and pharmaceuticals. Grangemouth is one of only six refineries in Britain and, according to the owner, PetroIneos, it generates 4 percent of Scotland's GDP and 8 percent of its manufacturing base [Fraser of Allander disputes these figures and puts them at 0.25 and 0.3 percent respectively]. Unite the Union has vowed to fight the closure.

Grangemouth was established as the refinery for the state-owned Anglo-Iranian oil company (later BP) in 1919. With privatisation it was ultimately sold in 2005 to Jim Ratcliffe for £5 billion and became the major asset of his private company Ineos, registered in Luxemburg. In 2010 Ratcliffe sought extra capital through a merger with a subsidiary of PetroChina. The company, which now owns refineries world-wide, is heavily indebted (currently £5 billion) and Ratcliffe has repeatedly sought to reduce wages and conditions. Ratcliffe previously worked in private equity and is currently recorded as Britain's richest man. He is registered I for tax purposes n Monaco and pays little or no tax in Britain.

Scottish private sector rents unaffordable;
Housing Allowance not increased

The survey results released by the Chartered Institute of Housing in November showed that less that ten percent of Scottish private rentals were affordable by those dependent on the local housing allowance. This has been frozen since 2020. Over the past year alone private sector rents have risen by 11 percent.

SNP Government policy paper 'An Independent Scotland in the EU' published 17 November

This seeks to exploit commitments made by former PM Cameron when arguing for the EU in 2015-16. "In 2014 people in Scotland voted in a referendum on whether or not to become independent. This followed a campaign in which commitments were made by those arguing against independence that voting 'No' was the only way to secure Scotland's place in the EU.' It continues: 'Scotland shares the EU's founding principles and core values – based on human dignity, equality, rule of law, freedom, democracy and human rights. This was made clear when the people of Scotland voted decisively to remain in the EU in 2016."

The paper argues that the outcome has resulted in Scotland losing out economically, socially, culturally and being 'removed against the wishes of its people'. Benefits are listed as EU being the world's biggest single market seven times the size of the UK' … with an 'agenda of social justice and the pursuit of a fair and green society'

The SNP policy paper calls on Scots to overcome this injustice by voting SNP in the coming general election and thereby demonstrate that a majority of Scots want 'independence within the EU'.

Speech by Christine Lagarde, EU Central Bank 17 November

The publication of the SNP document coincided the speech by Christine Lagarde in which she outlined the parlous state of the EU economy. On top of gross inequalities of internal development and dominance by its two big economies, the past decade has seen the EU losing the economic race with the US. She attributes this to the weakness of capital raising powers. Despite two EU Commission Action Plans Europe's capital market remains fragmented. Bond markets are three times smaller than the US. EU venture capital is one fifth that of the US. The US Securities market is three times that of the EU. EU start-up attract half the funding of US equivalents – while the EU's Securities and Markets Authority is limited in its powers. 'A capital markets union is an indispensable project'. In this she echoes the speech by the Chair of the EU Council of Industrialists, Jacob Wallenberg, the previous month. Lagarde's speech is summarised from the Central Bank website: [A Kantian shift for the capital markets union (europa.eu)]

EU statistics Q3 2023: economy stalled; industrial production and international trade in sharp decline

	Inflation	Growth GDP over previous quarter	International trade in goods over previous year percent	Industrial production: annual change September 2023
EU	3.6	-0.1	-10.0	-6.1
Germany	3.0	--0.1	-9.0	--4.3
Czech	9.5	-0.3	-4.0	-5.0
Ireland	3.6	-1.8	-17.0	-27.00
France	4.5	0.1	-10.0	0.0
Italy	1.8	-0.0	-6.0	-2.0
Spain	3.5	0.3	-5.0	-1.0

The strange figures for Ireland are a result of how and when the big multinationals make their returns and whether or not they include cash transfers from other countries. They provide a reminder of how far the EU empowers the dominance of major companies over the smaller economies.