



Radical Options for Scotland and Europe

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Briefing 70: June 2024

Scotland ahead of the General Election

Poverty

The Joseph Rowntree Foundation published its latest findings on 3 June: 1.1 million people in Scotland are in poverty including 240,000 children. 450,000 people in 'deep poverty' with less than 50 percent of UK average income.

Drug Deaths

Research published by Fraser of Allander in June shows

- a) Two thirds of deaths for 15-44 age group in Scotland arise from suicide, alcohol and drugs [since 2012 life expectancy for males has also fallen – though with a small uplift in 2020-22].
- b) Drug deaths in Scotland have risen from 20 per 100,000 of men to 40 in 2016-18 (though with a slight reduction to 2022). The biggest increase is in age groups 25 to 44.
- c) In 2021 the rate of deaths through drugs was 2.7 times higher than UK average
- d) In terms of income for the 25-40 age group in Scotland (in general at an age period of peak health and earning potential) incomes have fallen from 20 percent above the male average to just below it.

Cuts to school education in Scotland

Following the setting of council budgets earlier this year swingeing cuts are being announced by local authorities: Glasgow has a target of cutting 450 teaching jobs over three years; Edinburgh has imposed cuts of £8m for the current year (approx. 30 jobs) and Dundee 32 jobs. All these authorities cover areas of extreme poverty.

European Union ahead of the EU election 6-9 June

European Central Bank reduces interest rate by 0.25 percent
amid concerns about potential international recession

On 6 June the Central Bank announced a 0.25 reduction in interest rates to 3.75 percent – despite an increase in the EU inflation rate from 2.4 percent to 2.6 in May. Christine Lagarde hinted some caution about future cuts in light of current inflation – also rising in the US. Paul Krugman, among other economists, has warned of an approaching recession and called for rate cuts more generally. Citibank has issued similar warnings – noting in particular the unprecedented scale of lending by the 'non-bank' unregulated private sector which has increased their share of lending from 25 percent of the global total in 2007-08 to 50 percent in 2023.

Uneven development persists

Growth continues to be uneven (as it was before the 2010 crisis) - but everywhere at a much lower level and with some new countries entering the contraction zone. Against the average of 0.3 Estonia is -0.5, Netherlands -0.1, Denmark -1.8. **Unemployment** remains highest in Spain 11.7, Greece 10.8, Finland 8.3. – against an average of 6.6 for the EU. **Inflation** ranges from 4.9 percent in Belgium, 3.9 in Portugal, 3.8 in Spain and Poland and 3.1 in Estonia and the Czech Republic. *Eurostat figures for April and May 2024.*

Disagreements among centrist EU leaders

In a speech at the Sorbonne in May Macron warned 'Our Europe is mortal. It can die'. He instanced challenges as the US economy outpacing that of the EU, immigration, the surge of the right and Russia's dominance in the Ukraine war. He also indicated disappointment at the limited progress made at the Franco-German summit earlier in May. This had only agreed on 'competition issues' and support for a Capital Markets Union – not Common Borrowing Powers. He had pushed for a doubling of the EU budget, defence spending to be funded by common borrowing and a coordinated increase in investment. On these issues he had found no response. Commentators noted the current problems faced by the German Chancellor Scholz: Germany's loss of cheap energy; the sharp decline in its motor industry; the lack of a major military complex at a time of sharply increasing military spending. Scholz also faces fragmentation within his coalition: between the FDP (blocking EU debt settlement and pushing for more defence) and the Greens.

Disagreements among the contenders on the Far Right

Meloni in Italy has pursued a policy of seeking to absorb the traditional right and is wanting to extend that strategy to the EU, making overtures to von der Leyen. Italy is also economically dependent on loans from the EU Commission – with a third tranche provisionally agreed on 29 July of 18 billion euros pending agreement by EU finance officials. By contrast Le Pen in France wants rid of von der Leyen and is pushing for policies that will fully halt migration and give France unrestricted powers over contracting to the benefit of French firms – undermining a cornerstone of the EU's neo-liberal structure. Meloni takes a hardline in favour of further EU intervention in the Ukraine war; Le Pen warns against escalation.