

Funding the Future

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Might I make a plea to those who usually ignore what I write about Scotland, and suggest what follows is of universal UK appeal, and maybe of relevance far beyond it? Please don't skip this one.

I wrote a piece for *The National* newspaper in Scotland yesterday that featured heavily in its newsletters last night, with the first paragraph being given prominence. This said:

THE SNP's budget for Scotland is a mess. And let me be clear about it, that is the Tories' fault. What is more, there is not a snowball in hell's chance that voting in a Labour government would make any difference to that situation.

In the article I made three points. The first was that however keen the SNP might be to protect the people of Scotland from the impact of Tory austerity, the point was always going to be reached where this was not possible. That time has arrived.

Second, to demonstrate that this is not the SNP's fault (although, I stress, I am not saying they have a perfect budget record) I drew attention to the estimated one in five English councils of multiple political complexions that expect to declare bankruptcy in England in the next year as they too face the impossibility of setting a legal budget that lets them deliver the services that the law demands of them. Austerity is now breaking our systems of democratic government, and our public services.

Third, I then noted that Labour's commitment to let the Bank of England create recessions if it so wishes, and to live within the dismal forecasts of the Office for Budget Responsibility, and to balance the government's books (wholly unnecessarily) means that it might be even worse than the Tories in imposing austerity and that they certainly have no chance of improving the situation.

As a result, the right response to the messy, difficult and in some senses, clearly inappropriate budget the SNP has set is to be angry, but not necessarily with the SNP. Like councils, it has been given tasks to do that are simply impossible within the budget, taxation and borrowing constraints imposed upon it. The appropriate anger of

people should, in that case, be directed against those imposing the constraints, and not those trying to work within them.

In Scotland this problem is especially severe, although it is very largely replicated in Wales. The supposed devolution of taxing powers only lets Scotland change tax rates on income from work. Tax rates on unearned income, as well as on capital gains, inheritances and companies are all set in Westminster. So, the opportunity for the Scottish government to use almost any of the measures I explain to be possible UK wide in the Taxing Wealth Report are not available. Nor can it change ISA and pension rules. It was as if the devolution settlement was created to protect the wealth of a few in Scotland whilst imposing maximum pain on those who both work for a living and who, in a great many cases, need the support of the state.

If the people of Scotland cannot both see this and be intensely angry about it, I admit to disappointment. As is true UK wide, it is the fact that the whole economy is deliberately rigged against the interests of the majority of people in the country that is causing the stress. And it is politicians from both Labour and the Tories who are actively engaged in delivering this conspiracy.

I stress, the members of these parties are not necessarily complicit in this action. The Labour membership does, by and large, loathe what Starmer, Reeves and Streeting are doing.

Tories cannot recruit new members because anyone can see that the Tory leadership is profoundly toxic, and utterly non-Conservative.

Both leaderships have been captured by the neoliberal forces that are destroying our society, democracy and people's lives.

In the case of the Tories I think the motive is personal gain. That may not be immediate gain, but it is hard to see how long term benefit does not motivate these toxic politicians.

In Labour's case that may also be true. It may also be a total absence of political conviction associated with a lust for power that drives these people. It could also be stupidity. They have been persuaded that there is no alternative.

Except there is an alternative if we want a society where there are public services that work for the benefit of all, living wages, decent housing, a rich and diverse private sector that is not made up of a few massive companies that suck the lifeblood from the economy whilst smaller enterprises are left to sink, and we want the chance of future human life on earth. We can have all that. But we can't if our current leading UK politicians continue to behave in the way that they are at present.

What needs to change? In a relatively few words these things have to happen:

* We need to take back control of finance. The era of central bank control has been utterly destructive and will destroy society and democracy as we know it. The economy cannot be run by an unelected agency intent on destroying collective wellbeing in the dogmatic interests of an elite.

* We need to control the rentiers. These are the companies that exploit us all for the benefit of their managements and those with significant wealth. They are:

- Bankers
- Financial managers, including of pension funds
- Large retailers, especially in the food sector who are destroying agriculture

- On line companies that increasingly control access to services we rely on, from

Amazon to the tech giants like Google, Microsoft and Apple.

- Big oil, who want to burn the planet
- Big pharma, who control access to medicines
- Big sugar, which is poisoning us with the fructose that causes obesity and so much of diabetes, as well as depression, anxiety and so much more, which they exploit by selling sugar spikes.

* All these companies need to be vastly better regulated and taxed to stop exploitation and to provide smaller businesses with the chance to compete on a level playing field, which is the last thing these companies want.

* We need to tax wealth more, starting by transforming the ways we tax income from wealth and by removing the subsidies to wealth that massively boost inequality in the UK in ways I demonstrate in the Taxing Wealth Report.

* We need to put wealth to work by using it for investment and not speculation aimed solely at increasing the well-being of so-called wealth managers, which is what happens at present. I explain how in the proposals I have made for ISA and pension reform.

* And we need to collect tax owing, which our government has consistently refused to do by underfunding HM Revenue & Customs in ways that have fuelled inequality and undermined effective markets as a result.

* Finally, the monopoly power of two political parties and one toxic political creed needs to be broken by transforming our electoral systems.

All that could be done. It could be done by politicians of conviction who believe in the need for a mixed economy run for the benefit of all in society, with a safety net for those in need. It could be done without reference to left, right or centrism because all those imply tribalism when what is required is inclusion. It could be done now.

But the Labour leadership wants this no more than the Tories do. Scotland and Wales will suffer as a result. So will those living with failing English councils. And so, ultimately, do we all because of the knock on effects of this structure that exists to exploit most people in the interests of a few.

The question is, when will we be angry enough to demand the change our society really needs that right now the neoliberal conspiracy within the two-party system in the UK seeks to deny us?