Excuses are Always With Us
How a Common Weal approach can end poverty

Mike Danson and Katherine Trebeck
August 2013

Mike Danson is Professor of Enterprise Policy at Heriot-Watt University. He has worked on issues of poverty, worklessness and inequality for many years and recently co-organised the “Whose Economy?” seminar series with Oxfam Scotland.

Katherine Trebeck is writing in a personal capacity, but in her day job she is Policy and Advocacy Manager for Oxfam’s UK Programme. The policy suggestions here do not represent Oxfam policy.
Summary

We have heard a lot about the impact of poverty on Scottish communities from various sources in recent time. Politicians claim they have the answer. Civil society groups say they can deliver it. Communities know the manifestation and causes. Almost everyone says they want to end the problem of poverty. This is good news.

However, these statements of intent are too often followed by excuses for inaction. There are therefore three important things to know about poverty in Scotland:

- The causes of poverty are well known and well understood. While the symptoms of poverty can be complex, the causes are not. Understanding how to tackle poverty is simple.

- Poverty is not primarily a social problem and so cannot be fixed by primarily social policy means. Poverty is a failure of economics and must be fixed economically.

- There is more than enough of the knowledge and the wealth necessary to end poverty in Scotland. That we have chosen not to do so despite having the ability means that poverty is a political issue that requires the right choices by our policy makers and businesses, and our communities, to be made, right now.

It is the structure of the economy which creates poverty. The era when poverty was a result of scarcity is gone. The structural reason for poverty in Scotland lies in the financialised, consumerised economy which transfers money from the broad base of citizens to a small number of corporations and individuals.

If a retail, leisure and tourism economy should address poverty through trickle down economics as is often claimed, then why is Glasgow both one of the UK’s leading retail centres and the UK city with the most severe poverty problems? If Glasgow has developed a consumer-based economy with a retail sector that is now two-and-a-half times the size of Edinburgh’s, why have health gaps continued to increase between the two cities?

The reason deindustrialisation and consumerisation led to entrenched poverty is straightforward; almost all the income of the retail and service sectors comes from the pockets of Scottish citizens. The volume of this ‘trickle-up’ is substantially more than the volume that ‘trickles back down’. An economy based on the spending power of citizens depends on taking more from the population than it returns. The political response to the manifestation of poverty across Britain was largely remedial. The minimum wage was set at a level too low to address poverty. Instead a complex mesh of amelioration was put in place – tax credits, benefits and so on. It seems we transferred the wealth away from the broad population, returned a small amount on a means-tested basis to prevent destitution and then blamed those in receipt of the amelioration.

On top of this we added hyper-marketing of the consumer economy that seeks to stimulate ever increasing expenditure by inducing ‘status anxiety’ – making people afraid not to spend for fear of social opprobrium. This has well-documented psychological and health impacts.
Fixing this means creating an economy which creates wealth through real productivity and not through upwards financial redistribution. That means an economy which reduces inequality and provides those in work with a genuine living wage and those out of work with the support they need to live with dignity in today’s society.

This report proposes a wide range of actions which should be taken by civil society, the business sector and government. They should embark on actions which:

- Reduce pressures on citizens to be in a constant state of ‘status consumption’
- Decrease income inequality by increasing wages across the bottom two thirds of the economy rather than ever-increasing salaries at the top
- Greatly diversify the economy so a much broader base of enterprises, with structures that better share wealth, to create a more equitable labour market and limits the ‘leakage’ of wealth from the economy through the transfer of corporate profits out of the country
- Restructure public life to increase the involvement and power of the wider population

Poverty has been the source of many excuses over the generations; our generation has no excuse. We know we can end poverty and we know how. The key action we need now is simply to demonstrate the collective will to do it.
Background

This paper draws on work we have done together and independently; the suggestions presented below constitute the distillation of our combined 50 years of conversations, analysis, evaluation and exploration of the causes of and solutions to poverty. Together, through our respective institutions, we collaborated on the Oxfam Scotland/University of the West of Scotland Whose Economy? series of seminars, which informs much of the analysis presented here. This led to the Oxfam publication Our Economy - a paper which sets out Oxfam Scotland’s vision for a new prosperity for Scotland. Much of the thinking below is a reflection of the conclusions more thoroughly laid out in Our Economy.

But this paper also draws on Mike Danson’s considerable contributions to other Jimmy Reid Foundation papers (notably ‘The Common Weal’, ‘The Dysfunctional UK Economy: A macroeconomic assessment of whether the UK economy is strong and secure’; ‘The Mismanagement of Britain’; and ‘The Case for Universalism’). The analysis put forward in these publications concludes that there is much to be gained by looking at Scotland and the lives of Scots from the perspective of nations of similar size and similar level of development, rather than just against a UK norm. In particular, for the last quarter century and more, all the Nordic countries have been consistently superior in terms of economic prosperity, innovation and performance, but they have also achieved much lower levels of inequality and poverty and greater levels of coherence and well-being.

Work on these relative performances has shown the causal link between these latter elements of an inclusive, caring and consensual society on the one hand and better economic outcomes for all. Nordic countries are innovative and competitive with higher standards of living across the board because they have much lower degrees of poverty. In other words, national prosperity and competitiveness depends on equality and strong welfare states, and not vice versa.

The different Nordic models have shown that the austerity and cuts packages ravaging Scotland and the UK now and for the next decade are not the way to build a progressive society. This paper takes forward the argument that by addressing the causes of poverty and inequality and by proposing a strategic approach, living standards and incomes can be raised for all in society. Better jobs, higher paid employment applying our skills and talents more effectively and efficiently will generate the virtuous circles that our neighbours have pursued.

Introduction

Scotland - independent or not - must make a decision. If we continue on the current path the inevitable destination is greater inequality and ever fewer public services on which to rely. If we want something different, we have to choose it. (Common Weal, Jimmy Reid Foundation, 2012)

The ‘Common Weal’ is a distinctively Scottish version of the type of society that has been achieved in the Nordic area. It is about a pursuing a better-balanced society built on fairness, equality, inclusion and coherence – seeking to fulfil the aspirations expressed in the Humankind Index and delivering demonstrably higher levels of equity, economic development and standards of living. Our Nordic neighbours have achieved low levels of income and wealth inequality and high degrees of social cohesion, they have higher pay, poverty is very low and a much lower proportion of jobs are in unskilled, routine sectors. They have achieved this across the region through explicit
social partnerships and consensus. But this was not an easy road - their social contracts followed
periods in the 1920s and 1930s of class struggle, depression and mass emigration.

In Scotland today, over one in five children are in relative poverty (after housing costs) – fewer
than in England and Wales and fewer than ten years ago, but still much too high for a rich country.
The latest analysis of child poverty across the country confirms the continuation of the extremely
high levels and costs of poverty, with Glasgow alone suffering annual costs of £395 million a year
and Edinburgh £156 million due to deprivation amongst our youngest citizens. Even in relatively
prosperous Perth and Kinross, the costs of services to alleviate child poverty, lost tax receipts and
lost earnings and benefits are estimated at £33 million.

Clearly a different national contract is essential. The lesson is presented here is that ending
poverty in Scotland is a matter that requires political, economic and social action. The existence
of poverty amid considerable richness is testament to insufficient political will to date, testament
to the failed economic model, and testament to the vested interests which undermine change.

While discussing political and economic change, it must be acknowledged that the experience of
poverty for individuals and communities in Scotland is a brutal one of exclusion, lack of control,
stigmatisation, powerlessness, lack of voice, poorer services and lower educational attainment.
Poverty encompasses tangible material deprivation and an awareness of exclusion and missing
out. Low-income families often experience mental ill-health, particularly depression. Perhaps
most alarmingly, there has been a rise in the number of deaths amongst young males in Scotland
because of suicide, alcohol, drugs and violence – a rise not seen in similar post-industrial regions
in Europe.

The cumulative effect is reduced life expectancy. A boy born in the most deprived 10 per cent
of areas has a life expectancy of 68 – eight years below the national average and 14 years below
boys born in the least deprived areas. In the UK health is strongly associated with social class,
and in Scotland gaps in life expectancy are comparable to the “staggering differences between
quality of life in the UK and third world”.

Health inequalities demonstrate that reducing poverty is not a ‘nice to have’ goal, a discretionary
option to be pursued once wealth is created and we wait for it to trickle down to the poorest
communities and individuals. Health inequalities show us that ending poverty is, quite literally, a
matter of life and death. But critically, the societies with the narrowest income inequalities are
also the most successful in terms of standards of living, competitiveness and well-being overall.
There is a win-win to be had if we prioritise ending poverty and reducing inequality in Scotland.

So this document starts from a position that the extent of poverty in Scotland must change.

It starts from a position that change is possible.

It starts from a position that achieving change is the responsibility of all individuals, all organisations
and all sectors of society.

It does not set out the precise wording of a detailed plan, nor does it provide a list of legislative
changes to be adopted. Instead it posits some action points by way of demonstrating the steps to
be taken. These highlight that we all have a sphere of influence; a remit in which we can, indeed
must, act; whether it is as individuals, community members, business leaders or government
decision-makers.

Recently, we co-hosted the Oxfam Scotland/University of the West of Scotland Whose Economy?
series of seminars, which informs much of the analysis presented here. Many of the ideas
presented below are inspired by Oxfam Scotland’s recent publication of Our Economy. Others
draw on the inspiration of a range of experts, most importantly those in communities, but also those in civic society, academia and policy, here in Scotland, in the UK and beyond.

Before turning our attention to the role of civic society, businesses and the government, we (briefly) trace some of the roots of poverty in Scotland in order to understand its current manifestation.

What is our starting point?

Our Whose Economy? series showed that poverty in Scotland today reflects the country’s recent economic and social journey: from the historic dominance of production to today’s economy based on services and consumption. By 2009, services19 constituted almost 82 per cent of all jobs in Scotland16. Tellingly, where Glasgow was once the second city of the British Empire20, it is now the second largest shopping destination in the UK21.

The decline of traditional industries left a vacuum only partially filled by the growth of employment in services (retailing, catering and increasingly, call centres)22. Many new jobs do not represent ‘quality work’. In comparison to manufacturing, they constitute an “insecure working environment characterised by casualisation, low pay and deskilled work...with high levels of turnover23. Accelerated by the short term economic drivers of the recession, the push in the UK public sector to outsource many functions24, and the further loosening of employment rights25, workplace relationships seem increasingly superficial as human connections are reduced to one-sided market transactions26.

Further, with their reliance on global supply chains, the multinational corporations who dominate high streets and shopping malls extract surplus from the poorly paid producers in China, Mexico, Bangladesh and other emerging economies which create the real value in clothes, durables and other goods. These big corporate entities then realise this profit from the consumers in Scotland and the UK. This is in contrast to indigenous small and medium retailers and other locally based service providers where much higher levels of the value added in production, distribution and exchange are generated and retained locally27. Compounding this, the owners and shareholders of those multinational companies involved in these service sectors live well beyond the deprived communities of Scotland and so the income and wealth benefits of the service economy flow far from these areas; the multiplier effects from their consumption similarly accrue to other regions and centres. Essentially, the consumption model that dominates our economy exploits workers in poor countries, undermines businesses which are local and based in the community, offers minimum wage part-time and casual employment for the sake of cheap goods and excess profits.

Alongside (and often perpetuating) a shift to such an economic base has emerged a dominant orthodoxy that economic growth creates a process of ‘trickle-down’, which in turn will address social disadvantage28. Competitive cities, it was argued, would drive growth29: urban areas accordingly needed to become more attractive to ‘ideal’ residents – namely, aspirational young people (that is, consumers) who worked in the service and ‘knowledge’ sectors. The then head of Greater Glasgow and Clyde Valley Tourist Board even asserted that Glasgow is “in an international beauty competition with other cities”30. In pursuing this mode of economic development, actions to make urban areas more flexible and friendly to businesses were prioritised31. Regeneration has embodied construction of luxury housing, shops, and privatised spaces in which local people are expected to engage as consumers and as customers, rather than as community members32.
For example, many City of Glasgow officials have seemed focused on materialistic goals: various marketing publications extol the extent of Glasgow’s shopping ‘culture’. Glasgow City Council proclaims Glasgow to be the ‘City of Retail and Shopping’. The result is clear in figures showing that retail spending in Glasgow is two and a half times that of Edinburgh. This would include non-Glaswegians coming to Glasgow to shop, but the point is that more shopping is undertaken in Glasgow than in its east coast city cousin.

‘New conventional wisdom’ has been used to describe prioritisation of flexible labour markets, competition, elevation of the private sector as key to regeneration, and re-branding of locations to render them attractive to incoming buyers. The expectation or assumption has been that wealth created will ‘trickle down’ to others. This ‘new conventional wisdom’ reflects an acceptance by many official policy makers (including many in the Scottish Parliament) of the approach which positions wealth-creation as the paramount goal, with little heed to equity, cohesion or poverty reduction nor – we and others argue – attention to long-term sustainable economic development.

A society where esteem and self-worth are derived from acquisition, material consumption, and perceived status, rather than from relationships, mutuality or the pursuit of equality, is problematic. Not only because excessive consumption of the type currently evident is destroying the environment (in Scotland and beyond), but it intensifies the marginalisation of those experiencing poverty: there is a significant literature demonstrating that the poor are more negatively impacted by such developments than higher income groups. Growth premised on retail and consumption imposes a materialistic mode of socio-economic inclusion on citizens. This leaves little space for consideration, let alone valuing, of non-economic activities and objectives (such as care for community or environment), nor is there room for lifestyles not based on consumption. Economies based on consumption foster conditions which create psychological insecurities – inevitable gaps between actual attainment and unsatisfied materialistic goals undermine mental and physical health. Not only does the mode of economic development impact people’s states of minds, it impacts their life chances.

Yet, currently, the economy is not acting as a force for poverty reduction to the extent it might. It is not offering sufficient quality jobs and it is not paying people enough to move them out of poverty, while it is paying others so much that they move out of sight of the rest of us. Income inequalities, while less than those of wealth, have risen so much that any sense of shared lives and solidarity seems remote. This means relying on political processes to achieve our goals of poverty reduction is more challenging than ever – in the meantime we need an economy to do more, through what some are referring to as ‘pre-distribution’.

But, even if we had an economy that serves the people, rather than the other way around, institutional levers are crucial. The amount of taxation revenue raised, as well as the way in which it is raised, matters enormously for economic efficiency and for fairness, as is apparent from the sustained successes in the Nordic countries. Tax and social protection spending are mechanisms by which people – collectively through their political system – decide to redistribute resources, sharing in each other’s good fortune (for example, inheritance tax or capital gains tax) and supporting each other in times of difficulty (evident in public health systems). There also appears to be a direct economic efficiency and performance argument for such inclusive strategies with rates of innovation and surplus enhanced where the gaps between all strata in society are diminished through taxation and reward mechanisms.

Our current levels of poverty and inequality are directly associated with our poor development indicators and all forecasts are that this decade of austerity and failure to confront the causes of poverty will continue many years into the future. The tax system is exacerbating inequality while the current configuration of the social security system and consistent levels of low wages consign
so many to poverty\textsuperscript{44}. Figure 1 shows that countries with higher tax revenues as a proportion of national income have lower levels of poverty.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{tax_pov.png}
\caption{Relationship between tax take and poverty in OECD}
\end{figure}

Compared with our successful Northern European neighbours, UK tax revenue is low as a proportion of overall economic output as shown here. Given the unmistakeable relationship between overall tax take\textsuperscript{45} and income inequality, it is little surprise that the UK has one of the highest levels of income inequality in Europe and in the entire developed world (Figure 2).

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{tax_revenue.png}
\caption{Tax Revenue as a percentage of GDP}
\end{figure}
And that transmits into greater levels of poverty (Figure 3).

Further, the dominant message of these times that ‘there is no alternative’ to austerity and attacks on the poor – whether in work or not, is severely challenged by Lansley’s analysis (see Figures 4 and 5). Lansley shows very graphically that decisions are made without recourse to lessons from the past. As the figures demonstrate very clearly, since 1977 we have been heading towards levels of wage and income inequality not seen since the Great Depression and, as reported by the Joseph Rowntree Foundation rising prices, stagnant wages and benefit cuts are creating a further “unprecedented erosion” in living standards, especially for low and middle income families. While our closest neighbours have grown and prospered over these four decades, Scotland and the UK have suffered rising inequality and poverty and cyclical slow growth and stagnation.

Further, the dominant message of these times that ‘there is no alternative’ to austerity and attacks on the poor – whether in work or not, is severely challenged by Lansley’s analysis (see Figures 4 and 5). Lansley shows very graphically that decisions are made without recourse to lessons from the past. As the figures demonstrate very clearly, since 1977 we have been heading towards levels of wage and income inequality not seen since the Great Depression and, as reported by the Joseph Rowntree Foundation rising prices, stagnant wages and benefit cuts are creating a further “unprecedented erosion” in living standards, especially for low and middle income families. While our closest neighbours have grown and prospered over these four decades, Scotland and the UK have suffered rising inequality and poverty and cyclical slow growth and stagnation.
What will it take?

Given the dominance of a narrow economic model, the persistence of poverty and widening inequalities seem to be viewed – or even dismissed by some – as regrettable, if unavoidable, side-issues that are blamed on individual failings rather than systemic processes. Poverty is attributed to the wrong choices in life and personal incompetence – bearing too many children; drug taking; being so hopeless a budgeter or cook that benefits received do not last a week; not being sufficiently ‘employable’; and so on.

If only it were so easy! If all it took to reduce poverty were some cooking classes and smoking cessation courses, we would have made a much bigger dent on it than we have to date.

But despite the structural causes, it is possible to overcome poverty. It requires that we pull the right levers, focus on the necessary structural change, cherish what is really important and deploy our wealth (money and beyond) for justice and equality rather than compassion. We know this is possible: as already discussed poverty is at much lower levels in the Nordic countries which are at similar stages of development and yet are more competitive, suggesting that equity and economic performance are complements and not substitutes. Ending poverty in Scotland is about allocating our resources in a more effective and sustainable way.

Crucially – and lessons from Ireland are especially pertinent here – accepting uncritically the financialised economic growth model in which competitive business is the main goal cannot create the conditions to address poverty. Instead we need ‘Scottish solutions to Scottish problems’ of poverty. We should not accept that a healthy economy must be built on low wages and low taxes. Sweden and Denmark sustain positions as two of the most competitive and attractive locations for business in the world based on utilising the high levels of skills and talents of their people, and promote innovation through worker involvement and industrial democracy.
So, now faced with the imperative of tackling the extreme levels of poverty in the ‘sixth richest country in the world’ — whether independent or not — a different vision of society is required. As Jimmy Reid himself implored, in his famous ‘Rat Race’ speech to students at the University of Glasgow:

> Our aim must be the enrichment of the whole quality of life. It requires a social and cultural, or if you wish, a spiritual transformation of our country. A necessary part of this must be... to involve the people in the decision-making processes of our society... To unleash the latent potential of our people requires that we give them responsibility. The untapped resources of the North Sea are as nothing compared to the untapped resources of our people... The flowering of each individual’s personality and talents is the pre-condition for everyone’s development. In this context education has a vital role to play. If automation and technology is accompanied as it must be with full employment, then the leisure time available to man will be enormously increased... The creative use of leisure, in communion with, and in service to our fellow human beings can and must become an important element in self-fulfilment.

### A way forward?

As highlighted by Oxfam’s Our Economy paper, to get there, all sectors of the society need to act — civic society, business and government. These are not presented as a detailed plan, but instead some suggestions of the steps to be taken from which, we hope, solid proposals can emerge.

### Civic society

Beyond the activities of individual organisations which do much to mitigate the worst impacts of poverty on many individuals, there is an essential collective role for all members of Scottish society in its broadest sense in debating, highlighting and meeting the challenges of poverty and deprivation. This is a fundamentally different approach to addressing social exclusion, poverty and deprivation than the drivers which have been so thoroughly embraced by the main UK political parties and media. And yet it has far more in common with mainstream European social and economic models which have proven so critical to the successes of the Nordic countries and Germany. Scottish society therefore needs to:

- Inculcate values of equality and empathy, through education, through what we celebrate, and through what the media focuses on. For example, tax needs to be re-cast as the means to undertake social investment, a social contract which binds us, rather than a burden to be minimised.
- Civic society needs to ‘back up’ each other so there is collective power to make demands of government and of businesses.
- Enliven democracy through discussion and participatory and deliberative processes; and utilise formal channels (voting, government consultations, petitions and so on) so they are not the domain of the ‘already-powerful’.
- Exert reputational weight and consumer pressure on businesses which harm the environment, which avoid paying taxes, and which only offer low quality jobs.
• Foster a world view and mode of living that reduces demand for material goods, recycles more and prioritises community over consumerism.

• Utilise leverage as consumers to shift business priorities towards social and environmental sustainability.

• Tackle the cultural impetus to over-work and over-consumption.

• Better share work through a shorter working week in third sector organisations and highlight the benefits of this to family, community and the environment.

**Business**

In a new model of Scotland’s economy and society, there is a greater role for businesses across many realms which impact on poverty: work, community participation, the market place and politics. The behaviours and changes listed below should be part of an inherent social contract, they should be central in our expectations of ‘corporate citizens’, and part of business leadership and competitive advantage:

• Greater use of ownership structures to enable community development, retention of wealth and greater equality (such as cooperatives, social enterprises and ‘Benefit Corporations’).

• Expanded democracy in the workplace to increase employee input in governance (for example, workers on committees, more worker ownership of firms and flatter organisational structures). Employee representation on management boards is welcomed by Nordic industry and is an important part of governance arrangements. Strong trade unions in a mutual rather than conflict relationship are also key to income and wealth equality.

• Cultivate and develop local supply chains and recruit locally.

• Earnings (and other rewards) of those at the top of the salary scale should not grossly exceed those of the average and lowest paid. Earnings equality should be incorporated into the corporate social responsibility discourse.

• Community needs, ideas and agendas reflected in business activity.

• Stakeholders (communities, employees, and the environment) should have greater power in decision-making regarding corporate activity (and should be supported to participate, including those with non-mainstream demands and communication styles). An expanded array of shareholders (beyond simply institutional fund managers) need to exercise their rights to shape business goals and behaviours (such as remuneration policies).

• Business activities must be promoted that do not depend on incessant consumption and pursuit of novelty. Advertising must be done responsibly, rather than exploiting and intensifying status anxiety (for example, using messages that equate individual worth and happiness to material acquisition).

• Goods and services must be priced fairly so that the purchasing needs of people on low incomes do not mean they pay a premium.
• Assessment of development decisions and business activity should incorporate social and environmental impacts (externalities). These need to elevate consideration of long term consequences beyond the firm over short term outcomes very local to the firm.

• Quality employment must be prioritised – particularly for women. This includes flexible quality work that pays decent wages and offers employees a sense of autonomy, competence and relatedness.

• Disadvantaged groups need to be targeted in recruitment that is accessible to people further from the labour market. Supportive workplaces are then required to ensure job sustainability.

• All tax obligations should be paid with transparent and legitimate reciprocal arrangements made with other nations. We must move to a culture where tax payment is accepted as part of competitive advantage in corporate social responsibility agendas.

• Within a wider global agenda of like-minded states, it must be made unacceptable that multinational corporations can make demands for concessions from the Scottish state with the threat of capital flight if not met.

Government

Although decision-making powers devolved to the Scottish Government embrace some of the possible levers with which to address poverty, several which influence the creation and alleviation of poverty remain at Westminster. Indeed others sit with supranational institutions (such as the EU, the World Bank and the World Trade Organisation) and also the sub-national level of local government. The UK level policy areas include almost all taxes, financial and economic matters, immigration, aspects of energy regulation, social security, employment, equal opportunities, most aspects of safety and regulation, the stability of the UK’s fiscal, economic and monetary system, and the National Lottery.

Some argue that the constraints of a fixed block grant for funding confines the Scottish Government and Parliament’s scope to address persistent inequality and deprivation. This perspective should not be adopted uncritically – the Scottish Government has several levers it could use to develop a socially just economic model (from business rates to planning; from procurement priorities to education funding; and tax varying powers and limited local taxation powers). But, as seen above, it persists in following a similar agenda to that pursued by the main parties at Westminster, adopting a narrow economic growth model with ‘recovery’ of this model proclaimed as the Government’s foremost objective. It has been recently argued that, even within the current devolution settlement, different choices could and should have been made by the Scottish Government to ameliorate the effects of austerity cuts and persistent poverty – more policies along the lines of Scottish Government’s Social Welfare Fund.

However, as recent analyses of the relative fortunes of small and large nations suggest, the former have consistently delivered superior macro-economic performances across the board. Thus there is a strong case – as is being mapped out through the Common Weal agenda – for a strategic and fundamental change towards the economic, social and political cultures evident in the Nordic countries.

We do not seek to predict the outcome of the 2014 Scottish independence referendum – nor do we set out a preferred scenario. The list below contains items which need to be acted on by all levels of government under either referendum outcome and which can be acted on immediately. It is clustered (somewhat arbitrarily) according to those actions which focus on decision-making
processes; those which shape the behaviour of others, be they communities, civic society or businesses; and those which describe what sort of government provision or action is required.

Democracy

- The overarching Scottish Government ‘Purpose’ must be refocused to reflect social and environmental sustainability and position the economy as one (of several) means to that end\textsuperscript{64}. Elementary to this must be better, more consensus-based measurement of our prosperity (as encapsulated by participatory measures such as Oxfam’s Humankind Index), and not just a focus on narrow economic growth.

- Plans for local economies must apply a broader vision of wealth creation than unstable and unsustainable activities such as retail-led economic development, motor ways and airports. Economic development needs to be premised on what communities want and need and what is sustainable. The impact of organisations and policies moreover needs to be measured holistically to map the net contribution to society and to recognise any deleterious impact on communities of economic policies and business activities.

- We need greater participation by citizens in governance to produce better decision-making, less captured by producer interests. This requires democratic reform to move local decision-making into local communities. Principles of subsidiarity must be adopted to ensure decision-making is closer to the Scottish people and that local governments have greater discretion to respond to local needs in implementation of plans, ensuring that there is deep and wide collaboration with civic society in planning and delivery. The Nordic countries all have more effective local government based on local people having direct control of decisions.

- All levels of government should utilise ‘Participatory Budgeting’ to ensure spending reflects local priorities and addresses local solutions. State revenue should be directed (and civil service targets aligned accordingly) to areas and projects that local people identify as important in their local area – real agenda setting, not just consultation on the details of a \textit{fait accompli}.

- All of the above are issues which are addressed in the forthcoming report of the Jimmy Reid Foundation Commission on Fair Access to Political Influence

Directives

- Community spaces must be prioritised so people can meet together.

- Government legislation and encouragement is required for a more inclusive society in terms of gender and other aspects of equality. This applies to formal politics, various boards of governance, other leadership positions and positions of power, and in all discussion, debate and dialogue.

- Public contracts need to deliver real, tangible benefits for local communities from business activity that takes place \textit{on their terms} (not simply token community benefits at the margins to secure consent)\textsuperscript{65}.

- Scottish Government support – tax relief, wage subsidies, training allowances, licensing, preferential procurement, business assistance or reward and recognition – should be contingent on delivery of social and environmental returns. For example, provision of state support to companies should be linked to earnings convergence (that is, greater equality of intra-company earnings). Government support should also
be contingent on provision of quality sustainable jobs accessible to those further from
the labour market. All state-provided business support, contracts, corporate social
responsibility awards and government plaudits must be contingent on companies
meeting their tax obligations.

• Government policies should facilitate the creation and expansion of economic
organisations which bring people together, pursue social sustainability and share
wealth (cooperatives, credit unions, social enterprises and so on) through funding;
increased transfer of assets; support to increase owner capacity and sustainability;
preferential procurement; tax concessions; and other incentives.

Delivery (social protection, taxation and employment)

Social protection

• Social protection measures such as education, minimum wage regulations and social
insurance must be embraced as mechanisms to increase equality and equity. Social
protection needs to be advocated and delivered as a collective good on which we all
depend and from which we all benefit, not as a financial drain. Core universal benefits
should be accepted as the foundation of an inclusive society. Universalism is effective
and efficient at removing the damaging impacts of stigmatisation\textsuperscript{66}.

• Social protection needs to give people the security to take jobs, volunteering and
training in the knowledge that if a role does not last they will be no worse off than
before they accepted the position.

• Social protection also needs to enable people to share work better amongst themselves
through shorter working weeks\textsuperscript{67}.

• Negative outcomes need to be prevented at the earliest stage (in schools, via
distributive policies and through equalising institutions that reduce ‘failure demand’\textsuperscript{68}).

• Community solutions should be encouraged by providing finance and support
(loans, grants and bank guarantees) for local investment and technical and legislative
assistance.

Taxation

• Social protection needs to be funded fairly – by progressive taxation so that those with
most ability to contribute (often due to an unequal head start in life) do so, and those
who need support at various points in their life receive it, according to their needs.

• Tax regulations need to be enforced so that all tax due is collected and moral and
reputational weight needs to be brought to bear on those Scottish businesses and
Scottish taxpayers who seek to avoid paying. Fraudulent behaviour must be treated in
the tax system as seriously as fraud in the welfare system.

• Scotland should work internationally with Non-Governmental Organisations (NGOs),
other nations, the EU and global organisations to ensure that the Tobin Tax and other
taxes imposed on multinational enterprises and individuals are levied.

• Tax should be used as a lever: environmental ‘bads’ (industries that hurt the environment)
and socially damaging activities (including large retail centres and land banks) should
be taxed according to best practice and economic theory.
Employment

- Greater earnings equality in the Scottish public sector should be pursued.

- Job creation programmes should be focused on high quality jobs (paying a decent wage and involving local people in their creation) that are accessible to people experiencing poverty through construction of clear pathways. Local economic plans must facilitate employment of local people – not just employment locally.

- A Scottish Living Wage should be introduced in the state sectors and encouraged more broadly through public procurement policies. Complementing this must be safe and secure working conditions for all workers in Scotland, including the right of all employees to earnings that lift them out of poverty, job security and employer-funded sick pay.

- The Government and other entities should pursue work that is flexible for the employee, not just the employer; enabling people to participate in community and family life.

- Work needs to be better shared through a shorter working week. The Scottish public sector leading by example in its own payment regimes and through enforcement, through procurement and through withholding government support from those firms which do not offer flexible and shared work.

- Rewards derived from employment should be re-directed to favour those which are most socially beneficial with payment structures reflecting respective contributions to society. Public sector payment regimes should reflect social value for those in work, caring and volunteering. Scottish Government procurement policies should take appropriate remuneration of socially valuable roles into account.

Conclusion

We have envisaged a Scotland characterised by greater equality – in work, of work, of power, of influence, of opportunities. A Scotland where fair tax is welcomed as social investment, not a burden. A Scotland where businesses of all sizes play a constructive role in ending poverty. We have envisaged an active, strong civic society in Scotland whose role as a critical friend is welcomed by those in power. This will flow from communities having much greater self-determination in their own direction, supported by a state that underwrites community solutions. This is also a Scotland which respects the wider world and seeks to operate within the global planetary boundaries, rather than using more than our share which deprives others.

The question is not is it possible, but are our politics, our businesses and our organisations up for it?
Notes

1. Although the policies do not constitute Oxfam or UWS policy.
3. Danson (2012)
4. Danson (2012)
5. Gylfason et al (2010); Lindqvist (2010)
6. Common Weal, Jimmy Reid Foundation, 2012
7. www.oxfam.org.uk/humankindindex
9. CPAG, (2013)
10. There have been many studies on poverty in Scotland, including many within the last decade: Commission on Poverty, Participation and Power (2000); MacDonald (2010); Poverty Alliance (2010); CPAG (2011); Oxfam and UWS (2011).
12. For example, in Northern Ireland the rates decreased (Walsh et al 2009)
14. See, for example, Marmot et al (2010)
15. In one area of Edinburgh (Greendykes/Niddrie Mains) male life expectancy is 61, whereas just a few miles away (in Fairmilehead) life expectancy amongst females is over 89 (Morris (2010)). More detail about the larger health inequalities in Scotland compared to other western and central European countries is given in McCartney (2012)
17. Although they do not constitute Oxfam or UWS policy.
19. Services include distribution, hotels, restaurants, transport and communications, finance, IT, public administration, education and health.
21. Glasgow City Council (2010a)
22. Helms, Gesa & Cumbers, Andy (2005). By 2009, services (including distribution, hotels, restaurants, transport and communications, finance, IT, public administration, education and health) constituted almost 82 per cent of all jobs in Scotland (Crawford et al. (2007): 107 and NOMIS (2010)). This is not to romanticise the nature of employment in the past – much employment on offer was dangerous, physically demanding and monotonous. It was, however, accessible and available – people were able to find stable work relatively easily, and workers were not exposed to the hyper-flexible demands of the modern labour market in which power is heavily skewed towards employers for all but the most highly skilled workers.
23. Helms and Cumbers (2005). Research from across Europe shows that it is women who are most precarious and vulnerable (Oxfam International & European Women’s Lobby 2010)
25. King and Osborne (2012)
27. Fleming and Goetz (2011)
28. See for discussion: Crawford et al. (2007): 73
32. Paton, Kirsteen (2012)
33. Glasgow City Council (2010)
34. Blackley (2010)
37. Best argued recently by Wilkinson and Pickett (2010), and on a wider scale by Stiglitz (2012). See also the 2011 briefing to the Scottish Government on their National Performance Framework by WWF Scotland, Friends of the Earth Scotland and Oxfam Scotland: http://www.foe-scotland.org.uk/npfbriefing
38. See Hamilton, Kathy (2011)
40. New Statesman (2012)
42. Elliott and Atkinson (2012); Oxfam (2013)
43. Cooper et al, (2013)
44. Mooney and Scott (2012); Lansley (2012); Cooper et al (2013); OECD (2012)
45. See, for example, http://stucbetterway.blogspot.co.uk/2013/04/scotland-and-nordics-part-1-tax.html
46. Hirsch (2013)
47. See Slater (2012) and Trebeck (2011)
49. Sinfield (2011)
50. Wilkinson and Pickett (2010); Stiglitz (2012)
52. Cumbers and Whittam (2007)
53. Mooney and Scott (2012)
54. Shaheen and Seafor (2012)
56. ‘Scotland could be sixth richest in world, says Swinney’, http://www.bbc.co.uk/news/uk-scotlandscotland-politics-15423494
57. Hillson (2008); Sinfield (2011); CEC (2012)
60. Boyd and Trebeck (2013 forthcoming)
61. Cooper, Danson and Whittam (2013); Boyd (2013)
62. See http://www.scotland.gov.uk/Topics/People/welfarereform/scottishwelfarefund
63. Price (2012)
64. See http://www.foe-scotland.org.uk/npfbriefing
65. See Jimmy Reid Foundation (2012a)
66. See Jimmy Reid Foundation (2012b)
68. See ‘Christie Commission’ (2011)
References


Collins, Chik (2008), The Right to Exist – the Story of Clydebank Independent Resource Centre, Oxfam, Glasgow


Glasgow City Council (2010), Glasgow’s Position as Top Retail Destination Confirmed. Glasgow. www.glasgow.gov.uk/en/News/Archives/2010/June/glasgowtopretaildestination... (Downloaded May 16, 2011)


Slater, Tom (2012), The Myth of ‘Broken Britain’: Welfare Reform and the Production of Ignorance, Anitpode, vol 00, No 0, pp 1-22


