

# ECONOMIC FUNDAMENTALS, 24.3.16

Andy Anderson, author of *The Skye Bridge Story - Multinational Interests and People Power*,

Andy introduced the second of RIC-Edinburgh's EU referendum debates. He provided the economic background upon which to make an assessment of the political options.

## Economic fundamentals

### How do we decide what the important fundamentals are?

We as socialist have observed a great number of things wrong with the present economic system in this country today. Low pay, zero-hours contracts, unemployment, poverty, poor public services, unequal pay on a discriminatory basis, anti-trade union legislation, ect etc the list is endless.

So where do we begin? What are the fundamental issues we should tackle?

I will suggest that we need to concentrate on three fundamental issues and if we are successful in dealing with them, then the other issues can be dealt with later without difficulty.

My fundamental issues are:

- (a) Government control of land and natural resources.
- (b) Government control of public investment in a 'managed' Keynesian 'free market'
- (c) Government control of currency and banking regulation.

### Is the Government (the State) neutral in a democratic society?

For Marxist, such as myself, this question is obvious. The State, every state the UK and EU included is an instrument of the ruling class and will be used by that class to further its aims and objectives. So if the people do not use their democratic power to direct the Government to operate in their interests, then the small elite ruling class will do this and the Government will be used to further their interests.

This means that electing a Government which wants to carry out an economic policy which will meet the people's objectives is only the first step. This needs to be followed up by an insistence that the Government carries out the economic functions which will meet these objectives. This leads us to look at the above fundamental issues.

## Discussion

### Land & natural resources.

We have seen how entrenched the vested interests are in land ownership in Scotland. The SNP Government have started to address this but they have a long way to go on this issue in order to ensure that they can take effective economic control of this natural asset.

We need to ensure that Government has economic and fiscal control of all Scottish land, sea and air resources regulation and tax including zero-rating tax.

## Discussion

### Government Managed Investment.

The central problem for the Scottish economy is unemployment and underemployment. I am not just referring to 'registered' unemployment. This, while bad enough is only a part of the problem. Zero-hours contracts and other types of abuse of labour, disguise massive underemployment.

This can't be addressed by waiting for 'effective demand' in the market to arise by itself. This needs to be addressed by Government directed investment designed to build demand in specific areas of the economy.

This in turn will lead to full-employment which will help us address wages and working conditions and will provide the strength for a more powerful trade union movement and the resources for better public services. It will also lead to more equality in incomes. To say that austerity is an option not a requirement is not just a slogan, it is an economic fact. The choice for austerity is a choice to redistribute income from the many to the privileged few and damages the overall economy.

### **Discussion**

#### **Currency & Banking Fractional-reserve banking.**

This system is corrupt and is falling apart. It has created 'zombie banks' which can create 'phantom money' and led to the 2008 banking crash. Since all the causes of that crash still exist and are still being worked, then it will happen again, it is just a matter of time.

Is there a way out of this for people in Scotland? Yes there is. We need a new full-reserve Scottish currency and to completely reform our banking system under Government regulation.

How is this affected by being part of the UK? What about the effects of EU membership?

### **Discussion**

**The 3rd RIC-Edinburgh debate on the EU referendum - The EU and Foreign Policy - will take place on Thursday, 26th May, 7.00 pm in the Augustine Church, on George IV Bridge.**