



## PRESS RELEASE

### INEQUALITY AS MUCH TO BLAME FOR FINANCIAL CRISIS AS LAX FINANCIAL REGULATION, CLAIMS NEW REPORT

#### Independent Scotland may need to adopt new currency

Scotland cannot afford to leave key areas such as monetary policy to Westminster, according to a new report on social exclusion published by think-tank The Scotland Institute.

According to the report, written by Dr Roger Cox, should Scotland vote for independence yet leave monetary policy to Westminster, (i.e. retains sterling) the policies necessary to prevent social exclusion in Scotland are unlikely to be developed. A new economic and legal system is necessary.

Problems resulting from growing inequality are a direct cause of the current economic deficit. The report examines the link between social exclusion through poverty and the negative results this has on society as a whole. Key to this is the issue of youth unemployment, whereby the UK has a far higher proportion of young people exiting education with no or limited qualifications than is the norm in the rest of the OECD, overwhelmingly from poor areas. This contributes to the 10 – 25 % lower output per hour in the UK compared to European countries such as France and Germany.

Key points in the report include:

- The fundamental problem of social exclusion has worsened under the Coalition cuts and the narrow framing of the issue as poverty being caused by 'attitude' has fogged the debate
- Public goods such as green parkland and subsidised tertiary education play a vital part in off-setting the consequences of social inequality
- Over 25% of births in Scotland occur to women from the most deprived areas; babies born to working-class women are twice as likely to die within their first year as those born into better-off families

- If the transition to work is not direct, the permanent loss of income to a school leaver is 8 – 15% compared to their peers
- In Scotland, the estimated cost of those leaving with low or no qualifications was estimated to be £1.2bn in lost wages and £200m in other social costs.
- Once a young person enters the criminal justice system they are unlikely to be able to enter regular employment; crime committed by young people cost £92m per annum in 2004.
- A substantial proportion of the financial burden placed on the NHS can be traced directly back to ailments related to poverty and the subsequent effects

In his forward to the report, Director of Barnardo's Scotland Martin Crewe states “We need to challenge and break cycles of inequality and social exclusion. No child should be set onto a pre-determined path to poverty and the dire consequences that can come with it simply because of their parentage.”

Labour MEP Catherine Stihler commended the report, noting “While I might not agree with all the conclusions reached regarding Labour's results, I believe this research is vital to highlight the issue of social exclusion and the way it affects all of us. By bringing this issue to the forefront of political debate, we can fight it.”

Meanwhile, former SNP MSP and current Visiting Professor at Strathclyde University Jim Mather drew comparisons between the report and recent publications detailing the issue in the UK as a whole. “We can see that the situation is similar in Scotland; there is a need for this focus and for it to be used as a basis for radical change. That change must favour the real economy and real people, creating new levels of societal cohesion that brings us all together to make reducing inequality of opportunities and outcomes a key element in any definition of national purpose. I applaud this report and the work that has gone into it, especially as it addresses a much-overlooked issue in Scotland today.”

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For more information, contact Director of Operations Clyn Gallagher: [c.gallagher@scotlandinstitute.com](mailto:c.gallagher@scotlandinstitute.com)

<http://www.scotlandinstitute.com/>