

Scottish Socialist Party pronounces on the currency question

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In a statement “What Currency,” posted on the web site of the *Scottish Socialist Voice*, the Scottish Socialist Party’s Bill Newman and Colin Fox present their views on the currency to be adopted in Scotland should the yes campaign win in the independence referendum in September. Fox, one of the SSP’s co-leaders, sits on the official Yes Scotland advisory board along with hedge fund owners, Greens and the Scottish National Party (SNP). Bill Newman is a retired bank manager, and writes like one.

In recent weeks, the SNP has seen its preferred option of a post-independence currency union with the UK undermined by a concerted assault from the Conservative-Liberal Democrat government in London and the opposition Labour Party. The SSP statement amounts to friendly advice for the SNP.

Newman and Fox insist first of all that what they describe as a socialist option is “not immediately realistic, given our financial obligation to international bodies”. While their conception of socialism is one of national isolation, the key phrase here, is “our financial obligations.”

To whom the obligations are due is not stated, but the writers can only mean either the international bond markets or the British Treasury, to whom an independent Scotland would continue to repay a share of the UK’s public sector debts.

The SSP starts from upholding the legitimacy of the global apparatus of financial parasitism and pledges to enforce its claims on the profits accruing from the exploitation of the world working class. Since the 2008 financial crisis, public sector debt has exploded globally to pay off the speculative debts of the financial aristocracy. These are the “obligations” the SSP insists must be upheld.

The SSP, like the SNP itself, identifies completely

with the need to stabilise capitalism in Scotland, particularly its vast financial sector. Its support for the Scottish-based financial parasitism is quite explicit. In its 2013 document “The Case for an Independent Socialist Scotland”, also penned by Fox, the SSP makes some throwaway calls for limited nationalisation of North Sea oil and the wind-power-generation industry.

In the same document, however, Fox restricts his comments on the financial sector—which includes huge capitalist institutions such as RBS, HBOS, and Standard Life, along with branches of a host of prodigiously wealthy international outfits, including BlackRock and Goldman Sachs—to the following:

“Scotland is...Europe’s fifth biggest financial centre, with Edinburgh and Glasgow producing huge profits for the banks’ insurance firms as a result. The financial services industry is hugely important in the world today and Scotland’s expertise is highly prized.”

So highly prized, in fact, that the last thing the SSP wants to do is upset the apple cart. Its currency policy, like that of its SNP masters, is geared directly towards servicing and appeasing the financial services industry.

Having started from rejecting any possibility of socialism in Scotland, its supposed *raison d’être*, four currency options remain for the SSP to propose to the SNP: the euro, a Scottish pound, a currency union or informal link with the English pound.

The authors reject the euro, not because the currency and the European Union (EU) are instruments of the big European banks and corporations, but for reasons of expediency. The euro, they state, could “certainly be an option for the Scottish government but given the chaos in the eurozone at the moment no one seriously suggests it for now.”

By even considering the euro as “an option” the SSP are pointing to their willingness to support whatever

level of public sector spending cuts would be necessary for Scotland to meet the punitive eurozone conditions. Current estimates of the level of Britain's £1.4 trillion public sector debt that Scotland would inherit vary considerably, but all of them are well above the figure of 60 percent of gross domestic product that the eurozone seeks to impose.

Rejecting the euro only leaves the pound or a free-floating Scottish currency. Fox and Newman reject a Scottish pound—again from the standpoint of Scottish business and financial interests.

With truly Panglossian levels of optimism in the strength of Scottish capitalism, they warn that “[t]he Scottish economy would be much stronger than that of the rest of the UK (RUK) with a positive trade balance to contrast with a massive RUK deficit”. This would mean “an initial speculative period” in which “economic disruption in the short term would be alarming and damaging”! Thereafter, a Scottish currency would appreciate, and this would impact on “exports and tourism.”

Put less euphemistically, this means that a Scottish currency would be immediately targeted by the global financial markets, whose speculative attacks could lay waste to the new country's public finances.

The only response left to the SSP is to tack closely to the capitalist power and currency from whom it claims to be seeking independence—Britain and the pound.

It rejects the SNP's currency union proposal, asking, “How independent would Scotland be if all our monetary policy were determined by London?”

This is a fair question, but it then insists that “despite ‘No’ campaign assertions to the contrary, it is inconceivable that Westminster and the Bank of England would refuse to allow this [currency union] to happen.”

The question must be posed as to why this is “inconceivable,” after the Tories, Liberal Democrats and Labour have all stated that this is what will happen? Is it because it considers the British government is posturing and will not, in the end, want to impose costs on the large Scottish financial services industry, which is, after all, highly integrated into the City of London, and to which it too is beholden? The SSP does not bother to explain.

This certainly is the SNP's view. In the aftermath of the orchestrated assault on the currency union policy,

SNP leader Alex Salmond took to the airwaves to insist that British chancellor George Osborne's threats were “all bluff and bluster”.

The Scottish government's view, in the words of a spokesman, is that “[i]t is a simple fact that sterling is an internationally tradable currency—the pound is as much Scotland's as the rest of the UK's and there is nothing that George Osborne or anyone else can do to stop us using it.”

Most fundamentally, whatever the truth of the SSP's predictions, its policy echoes the SNP's default policy to “tie an independent Scottish pound to the English pound.”

What could be clearer? This is an entirely pro-capitalist perspective from a pro-capitalist party, indistinguishable in any genuine sense from the SNP, save only the grotesque misuse of the term “socialist” in the party's name.

Its perspective is for a capitalist Scotland, dominated by its parasitic financial sector that would be an arena for further swingeing attacks on wages and social spending, so the SNP can impose its headline 3 percent cut in corporation tax. All the SSP is interested in with its backing for “Scottish independence” is to secure lucrative positions for themselves in the newly created state apparatus and elsewhere, in return for championing the fragmentation and immiseration of the working class and polluting the atmosphere with the poison of nationalism.



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