

Tax powers insufficient to address poverty, say Scottish researchers

March 14 2014, by Grant Hill

Current tax-varying powers possessed by the Scottish Government are insufficient to address inequality in the country, according to research by University of Dundee economists for the major *Poverty in Scotland 2014* study published tomorrow.

Dr Carlo Morelli and Dr Paul Seaman have contributed a chapter on "Redistribution & Income Inequality" to the book, the result of a unique collaboration between the Child Poverty Action Group (CPAG) in Scotland, The Open University in Scotland, Glasgow Caledonian University and the Poverty Alliance.

The landmark publication, which calls for [poverty](#) to be placed at the heart of the referendum debate, draws together the expertise of academics, anti-poverty campaigners and other experts from across Europe.

It suggests that the proportion of children living in relative poverty after housing costs are deducted is forecast to increase from 19.6 per cent in 2011/12 to 26.2 per cent in 2020, meaning between 50,000 and 100,000 more children will be pushed into poverty. In response to these figures, experts have set out principles for a more equitable Scotland, whatever the referendum outcome.

The Dundee state that progressive forms of income taxes that focus on the highest earners can have a marked impact on income [inequality](#) across the country. However, they go on to claim that limiting the tax

varying powers to only the Standard Variable Rate, as is currently within the powers of the Scottish Government, or the single Scottish rate, as will be the case under the 2012 Scotland Act, will do little to address poverty caused by inequality.

'Our analysis shows that the powers currently possessed by the Scottish Government or proposed will not be sufficiently redistributive to help redress Scotland's entrenched legacy of [income inequality](#),' said Dr Morelli.

'This work demonstrates a clear need to place poverty and income inequality at the centre of the referendum debate. The current approach to poverty and welfare within the UK is failing large sections of the Scottish population and has ensured that Scotland has become one of the most unequal parts of the United Kingdom.'

Deputy First Minister Nicola Sturgeon and Shadow Social Justice Secretary Jackie Baillie will respond to the publication and its implications for the country's constitutional future in front of an invited audience of policy makers, campaigners, business, trade union, faith groups and voluntary sector leaders at an event hosted by The Open University in Scotland.

The debate will also focus on how other regions and nations have sought to tackle poverty within a variety of constitutional settlements and demands for autonomy.

John Dickie, head of the Child Poverty Action Group (CPAG) in Scotland, said, 'It is vital that all sides in the debate don't just settle the constitutional question but help build the public support and political will needed to create a more equal Scotland wherever powers end up lying. That means making the case for the progressive taxation, universal services, fairer labour market and gender equality that the range of

expert contributors to this study make clear are fundamental to a Scotland free of poverty.'

Gerry Mooney, Senior Lecturer at The Open University in Scotland, and an editor and author of the new publication, said, 'The UK Government's 'austerity' and welfare reform measures are having a far reaching and detrimental impact on people and places across Scotland. However, the debate around welfare in Scotland reflects also the distinctive Scottish political landscape and this is reflected in the independence debate where the future of welfare in Scotland has come to occupy centre stage.'

Another of the lead editors John McKendrick, Senior Lecturer at Glasgow Caledonian University, said, 'There is overwhelming evidence of poverty in contemporary Scotland and all projections point toward more, and more intensive, poverty in the years' ahead. It's too easy to make the mistake of blaming poverty on austerity, the economy and the need to reduce the budget deficit. Scotland, and the UK, needs to remain steadfast in its commitment to making the difficult decisions that work toward, rather than undermine, the eradication of [child poverty](#).'

Provided by University of Dundee

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