

OPEN FOR BUSINESS?



OPEN FOR ABUSE?

Corporate power in the SNP era

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Comment

We hear a lot about the need for Scotland to be 'open for business'. One assumes that the people saying this are using the word 'open' in the sense of vulnerable and unprotected. The great surprise of our age must surely be how long it is taking people to wake up to the truth of the private profit motif. There has been far too little made of the link between what government has done and what has happened. History is not a process of unavoidable events crashing on the shores of well-meaning nations. History is almost entirely the result of human action. So if the economy is coming off the rails, it is because of something someone did.

What is that something? Who are the someones? That these remains questions on people's lips ought also to be a great mystery, if it were not so easily solved. The reason that things are going badly wrong is because private profit will be constrained only by what is likely to be counterproductive to its own ends. If a big corporation could reinstate slavery and increase its profit, it would. Make no mistake, corporations not only have no conscience, they are legally obliged to have no conscience. A corporation has a legal responsibility to make profit for shareholders over all other things (watch The Corporation for an exploration of this). That's what they do, what they're for. That's why we have rules to constrain them – as much for their own good as ours (look at those Enron people). But since Nixon in 1972, all the rules constraining business that were put in place

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after the Wall Street Crash and the Great Depression have been systematically removed.

And the who is just as easy. If you look beyond the elected figurehead, the UK and the US have basically been run by the same people for 40 years. None of these are elected. All have links deep into private profit or are the direct representatives of private profit. And electing different politicians makes no

difference – it was actually Blair and Clinton who did much of the most damaging stuff. So why don't we know? Because the 'who' own the means of communication and the politicians.

The SNP says it wants Scotland to be 'open for business'. In this post-Northern Rock world, teetering on the precipice of global recession, are they really the last remaining people scared of the CBI? ■

Feedback

Jimmy Reid's article (Nov/Dec Scottish Left Review) on Labour's neglect of the National Question is perceptive and welcome in the light of current constitutional issues. It has always been ironic that at Labour's foundation was a commitment to Home Rule.

Jimmy is oddly reticent in his own contribution in the fight to change this in the Labour movement. As Scottish Secretary of the Communist Party, Jimmy led the trio making the party's submission to the KILBRANDON Commission (in the 60s?). The others were Alex Murray and Finlay Hart, and in the submission they argued for a devolved Parliament for Scotland with powers and made the point that if in future the Scottish people decided on independence then that was their right.

Then in 1968 at the Scottish Trade Union Congress Mick McGaghy submitted a motion from the Scottish Miners Union calling for a devolved Scottish Parliament as a national democratic right. The latter point was something that was barely considered in the movement.

I attended this Congress and can vividly recall Willie Ross and other right wing Labour leaders fiercely lobbying delegates to ensure the motion's defeat. It was opposed in Congress by Danny Crawford of UCATT – not with valid arguments but with jibes about McGaghy's Irish roots. That was the abysmal level of argument.

With the motion facing defeat the miners agreed to remit. Years later a motion on proportional representation from the miners moved by George Bolton went through a similar process and was remitted. Both these motions were significant for the STUC in light of later developments.

The campaign continued through 1979 and the Callaghan referendum and the infamous 40 per cent Rule. Even so, the YES

vote narrowly won on actual votes. Incidentally in the campaign many Labour notables like Tam Dalygil and Brian Wilson linked with the Tories on the NO side.

It was the STUC in the 1980s that played a major role in the formation of the Campaign for a Scottish Assembly with all the political parties except the Tories involved, and included churches and civic organisations and was chaired by Professor Robert Grieves. This became the catalyst for the later Scottish Constitutional Convention, which arose from the working group established by the campaign with Campbell Christie General Secretary of the STUC heavily involved.

This is important recent history in view of the fact that the Constitutional Convention's guidelines and proposals became the crucial constitutional basis for the present Parliament, including PR.

All members of the Scottish Assembly Campaign participated in the Convention except the SNP, with some of their more sectarian elements describing the assembly as a "Mickey Mouse Parliament". Changed days, indeed!

And changed days, with a coalition of Labour, LibDems and Tories apparently discussing extra powers for Parliament (so far no details). With the idea of another Constitutional Convention being floated, why don't they take it up and incorporate issues like a written Constitution, a federal system and independence? Alex Salmond says he's for it and it could open up a whole new public discussion and debate and lets include people, Canon Kenyon Wright and others offering their services. What a boost for people's involvement. ■

John Kay, former Scottish Industrial Organiser, Communist Party of Great Britain

business. as usual.

David Miller looks at the change in relationship between government and corporations since the SNP took power and concludes that while there are some signs of improvement, there are plenty of others suggesting business as usual

The SNP government has played a bit of a blinder in its first ten months, consistently wrong footing Labour and the rest of the unionist opposition. It is still too early to come to a definitive judgement on the SNP record in relation to business, although some early lines of development are pretty clear. These can be divided into two main areas. First is the area of economic policy and the general orientation towards business interests. For the most part this is business as usual, little different from the policies pursued by the neo-liberal labour/ Lib Dem administration. Second is the areas of social policy where the SNP has almost appeared to be a social democratic government. Among the announcements were Nicola Sturgeon's commitment that "We reject the very idea that markets in health care are the route to improvement". Other statements include "positive commitments" as the STUC's Grahame Smith put it, on prescription charges, prison estate and more free school meals and nursery places. Democrats will applaud the sentiments and make sure they examine the details.

The other area to watch is the much vaunted bonfire of the quangos. There seems to be very little action here yet. This is not one of those dull media feeding frenzies on broken manifesto commitments but a

serious question about re-democratising the public sector. Yes, this means resisting contracting out, shared services and all the other means for the corporations to get their hands on free money and attack terms and conditions. But the other pressing issue is the fact that legions of political appointees gum up the possibility of serious opening-up and accountability. Many of these people would need to be removed in a bonfire of the quango-crats. Two examples will suffice. Sir Ken Collins at SEPA is a former labour MEP. To be fair his long experience as chair of the Environmental committee at the European Parliament was a significant qualification for the job. But SEPA has not been able to play the role of a proper watchdog on environmental issues because it has been too close to the previous Scottish Executive and too willing to be influenced by big business. Collins himself is still politically active. As well as being a public servant he acts as an advisor to the European Public Affairs Consultants Association – the EU lobbyists lobby group – which is determined to resist openness and transparency. This is the kind of conflict of interest of which any public servant should beware since advocating for corporate interests by definition undermines the public interest. Such conflicts pale, however, beside the extraordinary fact of the appointment of Sir Ian Byatt and a whole crew of neo-liberal ideologues to run the Water

Industry Commission for Scotland. Their ostensible role is to make sure that the Scottish Water is run efficiently within the public sector. But from the beginning they have been more interested in pushing it towards privatisation. This suits their friends and allies in the think tanks and private water companies well. In fact it suits pro-market consultancies such as Frontier Economics, too. Frontier is retained as a consultant to the Byatt-led WICS and - would you believe it? - Frontier in turn employs Byatt as a 'senior associate'. The continuation of such appointments is an affront to the most basic principles of public life.

After gutting the quangos of pro-market place-people, the SNP might then be tempted to fill the resulting places with its own stooges. This would be an historical mistake as it would lead inexorably to the reinstatement of the institutionally corrupt layer currently in post when the government changes. For Scotland to function at anything approaching a democratic polity changing the people needs to be accompanied by changing the structures. The quango-crazy is in itself anti democratic and more or less insulated from popular



pressures. So, fundamental reform and direct democratic input is required. This might mean the wholesale abolition of many of these organisations.

In fact, though, the whole machinery of government needs overhauled. The senior management at the old Scottish Executive ceased some time ago to be the impartial civil service of old. They have made clear statements on their own behalf indicating they are almost to a person signed up to the neo-liberal reform agenda. All the rhetoric about bringing business ideas and expertise to the public sector is itself a betrayal of their responsibility as public servants. No sign so far of any movement here. At a more visible level the direct role of business in government seems not to have abated. Scottish Financial Enterprise (a business lobby group, despite the name suggesting it is part of the public sector) is still able to shape policy on financial services by having 7 out of 12 seats on the Financial Service Strategy Group and ten of seventeen on the Financial Services Advisory Board, both of which combine to run Scottish government policy on financial services. This composition and the fact of one union rep on both organisations is the same as under Labour. The Scottish Executive Management Group has been renamed the Scottish Government and has lost one of its 'non-executive directors', the corporate lobbyist and networker Shonaig Macpherson. The other two (Bill Bound formerly of PricewaterhouseCoopers and David Fisher of HBoS) remain. No changes there.

Meanwhile in the Parliament the one area where Scotland could said to be ahead of Westminster was on openness and transparency (particularly in relation to lobbying), where the Standards Committee declared for regulation of lobbyists in 2003. Since then the European commission has launched the European Transparency Initiative and even the Westminster Parliament is holding an inquiry on lobbying. At the Scottish Parliament the issue appears dead. The amazing antics of the Scottish Parliament Business Exchange show how much contempt the Parliamentary bosses have for democracy and transparency. The exchange is alleged to be an educational venture to teach MSPs about business and vice versa. It claims to have 'no connection with lobbying in any form' and at 'all times operates in an open and transparent manner'. Neither of these statements appears to be true. The interim director until January 2008 was Devin Scobie, himself a lobbyist who runs his own lobbying consultancy. There is no public information about whether any of his clients are also SPBE members. However, we do know that former Pfizer lobbyist and head of the SPBE on the business side, Lynda Gauld, also works at Caledonia Consulting. As if that is not enough other connections between the two organisations include the former member of the SPBE and MSP David Davidson who now also works at Caledonia. The new 'Chief Executive' of the SPBE from January 2008 is Arthur Mclvor. Mclvor is a former marketing man from Royal Mail who recently set up his own consultancy - Art Mclvor Consultants - which seems to offer high end lobbying and hospitality services.

The SPBE is in other words a virtual gateway for lobbyists into the Scottish Parliament. No sign so far that this will change under the SNP or that the issue of lobbying regulation will come back on the agenda, despite the recent launch of the civil society coalition the Alliance for Lobbying Transparency (www.lobbyingtransparency.org).

On economic policy the SNP is, as used to be said by the Labour Party, the Tartan Tories. Used to be said, before, that is, the former people's party emulated the neo-liberal, pro-privatisation policies of the Thatcher government. The deeper cut in business rates made to bring the Tories on board for the budget is a key indication.

But there are some areas where SNP policy departs from manifesto commitments or their own social democratic rhetoric. In much the same way that the phrase 'military precision' is now widely understood as referring to mass civilian casualties, the phrase 'Private Sector efficiency' is now widely recognised as meaning inefficient, more expensive and unjust. Two key areas to watch where there may be some potential for democratic

outcomes are the Scottish Futures Trust and the mooted mutualisation of Scottish Water. The Futures Trust is heralded as an alternative to the widely loathed extortion that is PFI/PPP. Although the detail on this is yet to be worked out it is already clear that the Futures Trust would transfer public assets out of the public sector and insulate them from public accountability, much as has happened with the transfer of museums and leisure facilities from Glasgow City Council to 'Culture and Sport Glasgow'

The issue of mutualisation of water was kicked into the long grass before the last election with Labour, the SNP and the Greens declaring their opposition to mutualisation - a backdoor means to bring in the banks and effectively privatise Scottish Water. But in February

amidst a morning fanfare the issue of mutualisation was back on the agenda as the SNP announced a review of the water industry. Briefings from the First Minister spin doctors suggested a policy change. Yet by the afternoon it was clear that the relevant minister and the rest of the party were not signed up for this and the matter was downplayed. Not a lot of sign for social-democratic optimism there as the vultures which have been circling the Scottish water industry for some years, circle closer. These are both fudges which will allow the private sector in by the back door. They are not 'public sector' solutions and will end up defrauding the public and putting public services beyond direct accountability.

All in all then, there are some signs of social democratic reform, but for the most part it is business as usual with a few frills attached. ■

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the end of PFI?

Mark Hallowell examines the Scottish Government's policy on replacing the PFI scheme and doubts whether or not it will actually improve anything

The SNP outlined proposals to replace the private finance initiative with a 'Scottish Futures Trust' in the summer of 2006, while still in opposition. Then, the Nationalists were bold and assertive: the "folly" of PFI would be brought to an end; public facilities would remain in the public sector; new infrastructure would be held in trust for the nation, and public bonds raised for new investment. Under Alex Salmond and Co, there would be no "unnecessary" private profit from public services. But, at the end of last year, the SNP government issued more detailed plans for it's the investment vehicle, and these describe a very different kind of entity. Most significantly, the Futures Trust will no longer be a **public** body; it will sit in the private sector. Though the vehicle will operate on 'non-profit distributing' principles, and with some form of undefined 'public ethos', its main role will be to act as a private conduit for private investment, delivered by equity bureaux, banks and the capital markets – the very institutions, in fact, that finance standard PFI schemes.

The body **has** to sit in the private sector, the Scottish government now explains, because this is the only way that the investment it delivers will be allowed to take place off the public sector books – that is to say off the Scottish government's capital budget and away from the British government's public debt figures. To an extent, this argument is a reasonable one: under current legislation, Scotland has an expenditure limit that is unable to support big capital programmes, and the country can't borrow or issue bonds – even for new investment. These capital constraints stem from the Treasury's 'sustainable investment rule', which sets the ratio of public sector net debt (PSND) to gross domestic product (GDP) at 40 per cent. As off-balance sheet finance does not normally score against PSND, financing through a private entity such as that proposed by the Scottish government provides a way of getting round the 40 per cent target.

This logic underpins the argument that private finance, while more expensive than government borrowing ('sovereign debt') provides 'additional' investment. This argument has been politically important since New Labour controversially took on PFI policy from the Conservatives in 1997. However, had the SNP administration chosen to challenge the basis of these constraints – as it hinted it would prior to last May's election – it would have had a very strong case. While the 40 per cent ratio has political significance for the British government (being roughly the figure Labour inherited from the Tories) it is not underpinned by any convincing economic rationale, as the Institute of Fiscal Studies (IFS) has pointed out.

In a 2001 paper on the government's fiscal rules, the IFS states: "The government has provided no justification for a net debt target of 40 per cent of GDP – it could just as easily have chosen 38 per cent or 42 per cent." Indeed, the European Union's Stability and Growth Pact – widely seen as conservative – caps "gross government debt" at 60 per cent of GDP, which "is consistent with public debt being considerably higher than the level set by the British cap".

Meanwhile, as the Scottish government acknowledges, there is no guarantee that private finance raised through the Futures Trust model will, in fact, be off-balance sheet. The British government is moving from GAAP to IFRS accounting standards this year, as a result of which the bulk of investment undertaken through private finance will come on-balance sheet and begin to score against capital budgets and public debt.

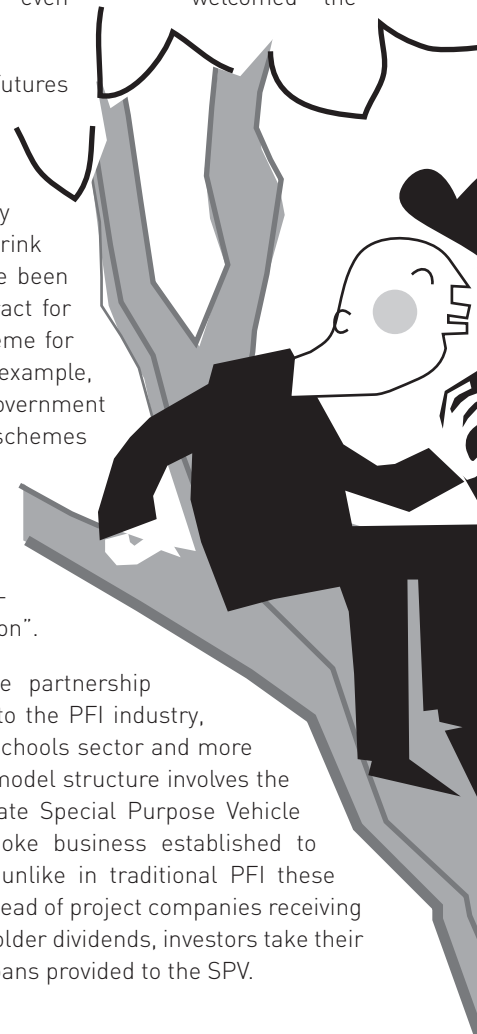
The consultation document acknowledges that "the changeover to IFRS is likely to make more difficult the task of designing an [Trust] which would continue to provide additionality of investment." But since there is no obvious solution to this, it adds, rather lamely, that "the proposals will be developed in the light of the final IFRS outcome."

The current plans for a Futures Trust are the product of a working group led by the Scottish government's financial partnerships unit, which has for many years been in charge of the country's PFI programme. Another influential voice has been Partnerships UK, the public-private partnerships agency, which is majority-owned by a group of private financiers. Shareholders include the Royal Bank of Scotland and the Bank of Scotland – both leading players in the PFI programmes in the UK and indeed globally.

With such input, it is no surprise that the proposals now issued can be understood and even welcomed the PFI industry.

While the details of the Futures Trust model are being worked on, the current PFI programme has been allowed to roll on. Privately financed schemes on the brink of reaching completion have been allowed to proceed. A contract for a £200 million schools scheme for Dumfries and Galloway, for example, was signed in January, with government approval. For less advanced schemes that were earmarked to go ahead as PFIs, most will go ahead, but bidders will be asked to re-submit proposals on the basis of so-called "Non-Profit Distribution".

This form of public-private partnership is becoming more familiar to the PFI industry, having been piloted in the schools sector and more recently in healthcare. The model structure involves the creation of a PFI-style private Special Purpose Vehicle (SPV) – essentially a bespoke business established to undertake a project – but unlike in traditional PFI these involve no equity capital. Instead of project companies receiving profits in the form of shareholder dividends, investors take their money through returns on loans provided to the SPV.



Evidence suggests this form of public-private partnership does not lead to lower levels of profit-making than PFI. On the Argyll and Bute grouped schools scheme, for example, where the model was trialled, the project's 'internal rate of return' was more than 15 per cent - which is about the norm for the mainstream PFI market. Interest rates on the bank loans were in the normal range, but in part this was due to the involvement of the European Investment Bank, which can secure cheaper sources of finance. In general, for this type of scheme, senior debt margins may be higher due to the absence of an equity capital "buffer", which means banks could be exposed to higher levels of risk.

The move to non-profit distributing PPPs looks like a political, rather than a practical, change. It allows the SNP to claim that they are doing something different to their predecessors - something which looks, at first blush, more in tune with Scotland's social democratic instincts (this, by the way, is highly dubious since the model was in fact developed by the previous administration). Meanwhile, it allows the existing programme of investment schemes in health and education to move forward, without worrying the industry too much.

There is some complexity here, however. NHS Greater Glasgow has just launched at Outline Business Case for a £700 million-plus project to replace its Southern General and children's hospitals. On current plans, this project is to be delivered through **public financing**. If ministers sign off the plans, this will be the first time since 1997 that an NHS project of this scale

has been taken forward outside of the PFI programme. It is hard to believe that this could have happened under the previous administration, and it is extremely unlikely indeed that this could happen currently in England. The NHS in Scotland appears to be alert to the fact that there are signs of a more pragmatic approach to financing under the SNP.

It remains unclear how the SNP intends to merge any conventional and Non-Profit Distributing projects into its Futures Trust vehicle. As noted, it is intended that the body will operate along non-profit distributing lines, and it may be that the Trust will enter into projects as a programme-level financier, replacing the current system of project-specific finance provision. To an extent, the Futures Trust could be a

Scottish version of the Republic of Ireland's National Development Finance Agency, which was set up in 2003 as a way of centralising the country's myriad investment initiatives.

The NDFA advises public authorities on the best way of funding their major projects, and provides leadership in co-ordinating the Republic's PPP policy. It also has the power

to raise funding itself or through special purpose companies up to a total of €5 billion. However, while the NDFA has never used its financing powers.

In contrast, however it is set up, the financing function will clearly be core to the Futures Trust. The Scottish government states that, as a central financing vehicle, the Futures Trust will be able to deliver cheaper finance than project financing, through "aggregating demand" and providing investors with aggregated risks. The company would use margins around commercial lending rates to meet its costs and, in certain instances, would be allowed to generate surpluses for investment in further projects. However, as a non-profit distributing entity, there will be no provision for uncapped equity returns under the body's Articles of Association.

It will also "provide a centre of expertise for best practice advice and support to public authorities on the planning and delivery of infrastructure investment projects." How this will impact on the role of Partnerships UK - which carries out exactly the same role currently - remains unexplained, but given the agency's intimate involvement with the plans, it is hard to believe they won't be involved in some capacity. The practical impact of the Futures Trust as it currently stands is that private financiers will no longer be involved in project finance - rather, they will be financing whole batches of capital investment through the Trust.

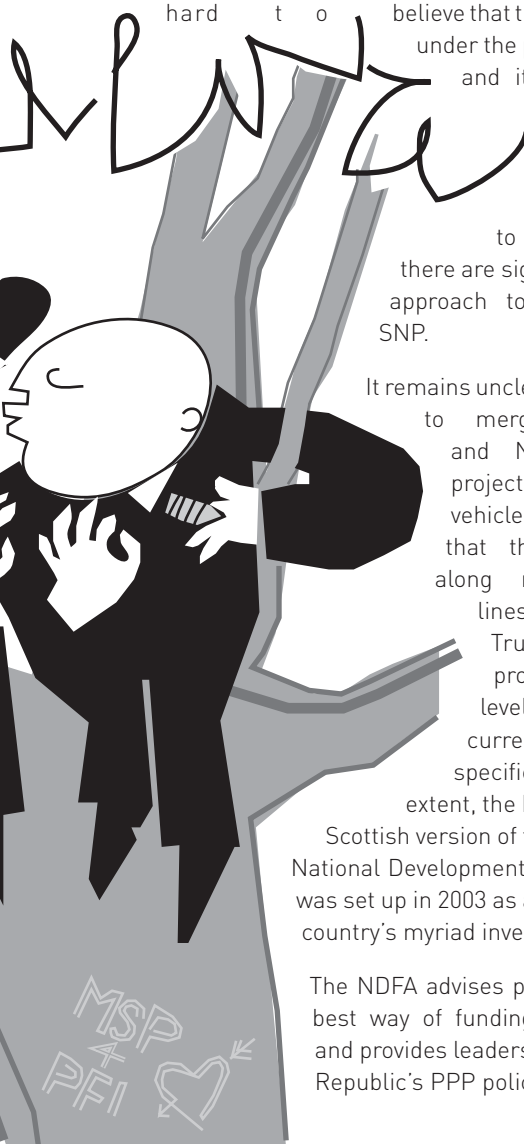
This will be unfamiliar territory for business though it may not be unwelcome. For institutional investors, it may help to de-risk portfolios - and there is no suggestion that they will receive a lower level of profit for their trouble. For banks, it will have the same effect, but as noted risks and margins for them could increase because of the absence of equity in projects.

More confusing is the proposal to allow the SFT to operate all new public infrastructure - and provide facilities management services within it. This idea looks like an attempt to replace a conventional market for services with a private sector monopoly. The economic rationale for such a move is unclear, since the alleged benefit of contracting is that efficiencies are driven into activities through the competitive bidding process.

Public authorities may view the document with some alarm. Under current plans, not only will new facilities be operated by the Futures Trust, they will also be **owned** by it. With the trust in the private sector, this implies a major privatisation of public infrastructure which even the Tories, when developing plans for PFI (in which legal ownership of facilities remains in public sector hands), shied away from.

The current consultation on the Futures Trust ends of 14 March. Over the next few months, the government will be exploring the potential of the new model in primary health care, schools, housing, higher and further education and local government. It is clear that there are clearly many questions that need to be answered: on current plans, the model appears to have many of the defects of the standard PFI model (in particular, the involvement of expensive private finance), with perhaps a few new ones thrown in. Meanwhile, in the face of the continuing uncertainty over the balance sheet nature of private financing, the rationale **for** this policy is unclear. ■

Mark Hellowell was a journalist for six years and now works as a research fellow in public private partnerships at the University of Edinburgh.



the price of an election

Gordon Archer analyses the recent donations debacle and asks what this means for the transparency of the whole political process

Probably the nadir of Wendy Alexander's defence of her acceptance of an illegal donation, from a Jersey based businessman was her attempt to reason that she had kept the donations to her campaign to under £1000 to clean up the image of Scottish politics 'tarnished' by the SNP's bumper election donations. It was an astonishing claim both in its boldness and naivety. Bold, because everyone knows that the donations were kept under £1000, so they could be kept secret. Naive to expect any member of the Scottish public to accept that after years of financial scandals from Ecelestone to Abrahams it was the SNP who were tarnishing the reputation of politics in this country.

The question of the donations received by the SNP in the run up to the 2007 election throws up an interesting issue though, the issue of the overall affect money has on the political process and perhaps more importantly the perception of the political process. The SNP required these 'super donors' because it was being seriously outspent by its UK based political rivals. An analysis of the Electoral Commission's database for the 2001, 2003 & 2005 elections in Scotland, shows the divide between the then main opposition party and the party of government. Across these three elections the SNP spent a total of £893,297, the Conservatives spent £1,640,471 almost twice as much as the SNP and New Labour posted receipts totalling £2,363,152 nearly three times what the SNP could manage.

Looking at the election before the last Scottish Parliament election, the 2005 Westminster General Election, New Labour spent eight times as much in Scotland as the SNP racking up £1,636,450 to the SNPs £193,987. Incidentally these figures for UK elections are for Scotland only expenditure and ignore the overspill from UK wide campaigning.

The challenge for SNP party strategists in the run up to 2007 was very clear, how could they level the financial playing field with New Labour. The only way to do that was to find those super donors who could give the SNP the muscle it required to win. Their success in that is well documented with campaign expenditure by the SNP in the 2007 election, coming in at £1,383,462, edging out New Labours expenditure of £1,102,866. In doing so the SNP gave itself a real chance of winning. But it also entered a financial arms race which lies at the heart of Labours troubles to date over the financial donations and fundraising.

Since the mid 1990s Labour and The Tories have been engaged in a financial war of attrition, each spending more election after election in a desperate attempt to do each other down. More direct mail, more paid for telephone support, more press ads more commercial poster sites. Each election sees the big two locked in this deadly struggle to raise more and more cash. And the consequence of this panoply of fundraising dinners, high yield donor targets and elevations to the House of Lords is a gradual erosion in the public's faith in the honesty of their politicians and the integrity of the political process.

And it is a war of attrition that Labour is losing. According to a report in the Times ('Hard-up Labour in fight to raise funds' Timesonline March 3rd) Labour raised £581,000 in the last three

months of 2007 compared to the Tories who raised £9.8 million. The reality for Labour is that since Tony Blair's departure (and probably for a good while before that) they cannot compete with the Tories. Despite their herculean efforts to win over corporate UK, it is the Tories which remain the political party of choice for 'big bucks' Britain. In a telling comment in the same article in the Times a New Labour insider referring to their fundraising strategy said "We are trying to bag these provincial businessmen while Cameron has the City bankers,"

Indeed, provincial businessmen like David Abrahams. It may be that the Abrahams donations is at the heart of a vast criminal conspiracy involving property deals in the North of England, it is much more likely that it is not. What is likely, is that having found itself scraping the bottom of the corporate barrel for cash, when the provincial businessman in question had a rather eccentric way of wanting to donate that cash, the Labour Party simply chose what was financially expedient, rather than be too fussy about minor matters such as the law of the land. This is not a plea for clemency, those officers of the Labour Party elected and appointed who broke the law should be punished. But understanding the difference between corruption - taking money for favours and law breaking - and failing to comply with the law for reasons of expediency, is important. If you believe as I do that the Abrahams affair is not one of corruption but one of expediency it dictates how you should react.

The problem in my opinion is not that our politicians are on the take, the problem is the amount of money it now takes to get elected. In 2001 Labour and The Tories spent nearly £24 million on their election campaigns, by 2005 that had risen to nearly £36 million. With the SNP weighing in as substantial players in Scotland, these figures can only be expected to climb when the next Westminster election arrives. As the need for money keeps climbing the pressure grows to cut corners or sail close to the wind. As the need for more and more fundraising increases the perception of being able to buy influence grows greater. And with every passing headline about million pound donors and £1000 a plate dinners the feeling grows that politics is for the rich and the corporately connected not for the ordinary person.

The cumulative effect of these factors can be seen in the reaction to the donations the SNP received. An almost automatic assumption the donations were made in return for some form of grace or favour to the donors. The idea that these individuals donated for idealistic reasons such as fairness or patriotism seems so naive as to be not worth stating. The fact that is precisely what happened gets lost in the noise. It is that automatic assumption about motivation which is the corrosive influence north and south of the border. Corrosive not just to the parties themselves, but importantly to the fabric of the society we live in. In my opinion corporate and anti democratic cultures grow up when civic culture retreats. Put another way, if people believe that politics is for the rich and the corporately connected then they are more likely to walk away from the process - the result of that being, a self fulfilling prophesy, where politics by default does become the exclusive domain of the rich and the corporately connected.

So what's the answer? To me we have to do two things, end the perception of influence by ending large scale donations from any source and revitalise the link between political parties, their members and individual supporters. We should have a philosophical view underpinning the regulatory and legislative approach, which says that in a democratic society political parties, should be funded by their members and by donation by those who elect them, i.e if you don't have a vote then you shouldn't be able to donate. Under this regime all donations from organisations (corporate and voluntary) would be banned, individual donations capped at £250 which would be 100 per cent tax deductible and a cap set on all expenditure at elections commensurate with the size of that election (£4 million for example at UK general election and £400,000 for a Scottish Parliament election).

The new donation regime would affect all donations, not just those to election campaigns. To facilitate this process the state should support all political parties on a declining basis, allowing them to make the adjustment in their structure and operations necessary. So for instance in year one 100 per cent of running costs declining by 20 per cent each year. The state would be in effect increasing its overall support for political parties, but by doing so it would ensure that it could not influence the process. By adopting a system like this you would free up all political parties from allegations of sleaze, you would end the financial arms race, reinforce the notion of the importance of the ordinary individual in the political process and focus the attention of political parties on the branch meeting rather than the board meeting.

There would be losers in this process. There is no doubt that Trades Unions in particular would have to examine their tactics if the ability to fund directly one political party over another were removed. From my (admittedly biased) standpoint that would be no bad thing, trade unions free to use their considerable resources for the betterment of the workers they represent rather than a chosen political party sounds like a good idea.

Equally the big winners would be the ordinary party workers who do the mundane but essential work which sustains all political parties on a day to day basis. The modern trend to disconnect ordinary party members from the policies and processes of the parties they sustain is an unfortunate one which corporate fundraising only exacerbates.

If we do not to reform the way politics is funded in Scotland and the UK then we risk a vicious circle where the need for greater and greater amounts of money disconnects politics from the ordinary person and where political parties attack each other's motivations for accepting that cash all the more fervently, leading to a smaller and smaller pool of donors willing to donate in the first place.

The consequence of that should ring alarm bells for all democrats regardless of political allegiance. ■

Gordon Archer is the convenor of the Cathcart Branch of the SNP and a former advisor to John Swinney MSP

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for the people, by the people

Richard Leonard examines where true power in Scotland lies and asks how we can achieve a genuine economic democracy

“My perception of the progression to socialism in Britain is of a process towards a fuller democracy where government of the people, by the people, for the people applies in the economic as in the political sphere. It is ridiculous when economic decisions affecting entire communities, or the nation, can be taken in a democracy and not be subject to any form of democratic control or accountability. Yet it happens”. Jimmy Reid “As I Please” Introduction (Mainstream 1984)

The words of Jimmy Reid stand as relevant today as they did almost a quarter of a century ago. The really radical question for the Left in Scotland is not just where the balance of power rests between one Parliament and another, but how we make progress towards applying the principles of democracy to those huge bastions of extra parliamentary power like landowners, the mass media and big business corporations.

This to any democratic socialist in Scotland remains the profoundest unfinished business. We live in both a Parliamentary democracy and an economic autocracy with minority rule of industry. In the last twenty five years there has been an ever greater concentration of economic ownership and therefore power. Scotland is part of one of the most open economies in the world. This has meant Foreign Direct Investment coming in. But it has also meant major flows of investment leaving Scotland.

According to the most recent UNCTAD World Investment Report, whilst in 2006 the UK was second only to the United States in the level of inward investment it received (\$140 billion) this was largely as a result of mergers and acquisitions not greenfield site investment. Three of the six largest cross-border mergers and acquisitions worldwide were acquisitions of UK companies by other EU investors. So also whilst the outflow of investment from the UK in that year at \$79 billion was smaller than four other countries, it still meant that the UK was second only to the US as the source of foreign direct investment as measured by stockholdings.

Thus to consider recent examples, for every Royal Bank of Scotland co-purchase of Dutch giant ABN Amro there is a Scottish Power bought up by Spanish owned Iberdrola and an impending Scottish & Newcastle takeover by Dutch-Danish duo of Heineken and Carlsberg. It is for supporters of this neo-liberal dog eat dog doctrine to justify themselves not for those of us who favour alternatives.

The Scottish Government's annual analysis of economic concentration and external ownership gives us even more empirical evidence. Amongst larger Scottish registered companies, that is, those employing 250 or more people, by March 2006 23 per cent worked for overseas owned firms, 38 per cent worked for firms owned from the rest of the UK and 39 per cent for Scottish owned firms. Just four years earlier 46 per cent worked for Scottish owned corporations and 16 per cent were employed by overseas owned Scottish registered firms. In other words there has been a seismic swing of 7 per cent from regional to overseas ownership in the last four years.

The turnover of these bigger firms represented 57 per cent of Scotland's total corporate turnover (excluding financial intermediation). They represent the commanding heights of the Scottish economy. If this pace of change were maintained, all other things being equal, there wouldn't be a single large scale enterprise left in Scottish ownership by 2030.

Analysis of the Insider magazine's latest annual Top 500 “Scottish” companies published in January 2008, reveals that in the Top 50, which is dominated by finance, oil & gas and utilities, less than half (twenty four) now have any claim to Scottish ownership, with the rest of the UK, the rest of the EU and North America being listed as the country of origin for eight each of the Top 50, with two being Australian owned.

In truth many of those enterprises described in both the Scottish Government/ONS analysis and the Insider listing as “Scottish” are anyway quoted on the London Stock Exchange and are predominantly owned by institutional investors external to Scotland and increasingly external to the UK. The old Scottish capitalist families are more or less gone. By the end of 2006 overseas ownership of UK listed shares had risen to 40 per cent, up from 36 per cent just two years before and significantly eclipsing the value of pension and insurance fund holdings which combined held 28 per cent of listed shares.

Moreover these listings and surveys exclude major corporations with a significant presence in Scotland, as measured by turnover and employment, which don't happen to own any Scottish registered subsidiaries. They therefore overestimate the size and strength of indigenous ownership by excluding everyone from Tesco and Asda to Rolls Royce and BAE Systems in the calculation of corporate power.

In the face of this changing picture of ownership what can be done to win our long cherished goal of economic democracy? Pension and insurance funds could still play a critical role in a strategy to democratise and socialise ownership and control in the economy. The significant growth of overseas ownership of UK preferential shares demands an international response. But the continuation of UK pension and insurance fund holdings in the ownership of corporate shares requires a United Kingdom co-ordinated response too.

A recent “Economist” (19 January 2008) probe into Sovereign-wealth funds revealed that such state owned funds controlled by major oil producing nations headed by the UAE/Abu Dhabi, Norway, Saudi Arabia and Kuwait owned \$2.9 trillion worth of traded securities globally. Even after a recent flurry of activity particularly on Wall Street this still only represented around 2 per cent of all global assets under management. Hedge Funds and Private Equity firms owned even less. Insurance companies (\$18 trillion), mutual funds (\$19 trillion) and pension funds (\$22 trillion) on the other hand between them owned twenty times more. In other words whilst the last decade has seen a decline in UK pension and insurance fund holdings in the commanding heights of the British economy, the new overseas shareholders

are not predominantly Private Equity Firms, Hedge Funds and Sovereign Wealth Funds but ultimately working people in North America and Continental Europe. The trade union movement needs to use its international links to start speaking to these Pension Fund Trustees about the socialisation of ownership and control of this capital and the promotion of ethical and sustainable investment.

The power of UK pension and insurance funds whilst in a period of relative decline should not be underestimated either. Most of the UK's biggest and therefore most influential Funded Pension Funds display a number of shared features. Firstly the overwhelming majority have their roots in the public/privatised sectors of the economy. In most cases membership is dispersed across the whole UK, it is also for the most part unionised and well organised. These Schemes and their like provide for the ownership of large parts of the corporate UK economy but next to no control. This must change.

The challenge for the trade union movement is to convert the current resurgence of interest in pension funds provoked by the occupational pensions crisis into a resurgence of interest in pension fund democracy.

New rights for workers and their trade unions inside the workplace to accompany new democratic rights outside it are essential in the establishment of economic democracy too. The Government has championed Partnership at Work, it should now back Participation at work and legislate for a fundamental shift in the employment contract from the Master/Servant relationship which still forms the basis for employment law and employment rights. Many trade union rule books, the GMB's included, still contain "industrial democracy" as a primary object and yet it rarely forms part of the bargaining or political agenda. It's time to re-awaken the debate on the Left about this most important goal.

So also there is a powerful case for extending the rights exercised under the Land Reform Act which is a radical and far-reaching measure in concept if not yet effect, into the industrial arena. Employees and communities should have a legal right to convert an enterprise into an employee or community owned one whenever there is a takeover bid, a proposed transfer of production, when there is asset stripping or where outright closure is proposed. Backed with proper funding this could equip the fledgling Co-operative Development Scotland with real power for economic change.

And what role for public ownership? Privatised utilities like Scottish Power, British Energy and Scottish & Southern Energy and corporations which have grown on the back of privatisation like FirstGroup and Stagecoach are ranked among the biggest Scottish registered companies. They are the only significant "new" companies to have emerged in Scotland over the last twenty years. Yet energy and transport are increasingly seen as vital strategic sectors if climate change is to be seriously tackled. They are also heavily dependent on government subsidy. Take

the Scotrail franchise as a prime example. The public subsidy to the FirstGroup plc to run rail services in Scotland between 2004 and 2011 is around £2 billion. That's a subsidy averaging around £286 million a year. Passenger revenue in 2005-6, even with another annual rise in passenger journeys was just £164.9 million. In other words almost two thirds of all income going to FirstGroup to run this franchise is public subsidy and only a third is generated by passengers. The franchise is underwritten not by FirstGroup shareholders but by the taxpayer. That's why it should be returned to a publicly owned and run public service at the earliest opportunity. And other strategic public service providers and utilities should follow. It was supremely ironic that the recent Scottish Parliament debate on the future ownership of publicly owned Scottish Water was held on the very day that the privately owned British Gas announced a 600 per cent rise in profits. In an era of excessive profits, climbing prices and oligopoly in the energy and generation industries this is the ownership issue that politicians north and south of the border should be focussing on.

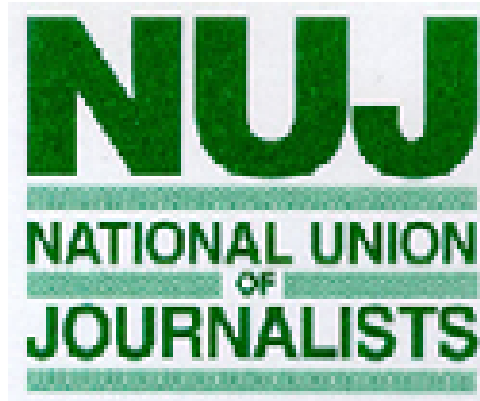
The pressure for deeper and wider democracy will not come from inside Parliaments but from outside. All our history from the early trade union struggles to the Chartists and the Suffragettes tells us this. So a new spirit of chartism based on economic rights and responsibilities must be led locally, nationally and internationally by the trade union movement in alliance with other progressive groups across the red green spectrum. In so doing the trade union movement needs to re-assert itself as a broader social movement which is not limited to anti-globalisation but which is positively for an alternative.

We do not need to experience a denial of political democracy to reach out for economic democracy, on the contrary it is time to use the political rights we do have to start taking control and ownership of the economy for the common good.

Back in 2003 the President of the Mondragon Corporacion Cooperativa, Jesus Harrasti visited Edinburgh. At a seminar in Edinburgh he explained that the very spur to stimulate the growth of co-operatives in Northern Spain in the 1950's and 1960's was precisely the fact that they were denied access to political democracy by the iron heel of Franco. They were starved of democracy in the public realm so grabbed it at the level of the enterprise and the regional economy.

We do not need to experience a denial of political democracy to reach out for economic democracy, on the contrary it is time to use the political rights we do have to start taking control and ownership of the economy for the common good. ■

Richard Leonard is Political Officer for the GMB Trade Union in Scotland



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the verdict on brown

Christopher Harvie looks at the ascent of Gordon Brown into the Office of Prime Minister and concludes that the Britain New Labour created is in serious trouble

There was a fine symmetry to the whole career. Early Broon triumphed, not by prudence, but by flogging third generation phone bandwidth at ridiculous prices in 2000, getting over £20 billion for something valued realistically at about £3 billion. This scam was revenged by Northern Rock, which has hit the Treasury for £40 billion and counting.

Brown started by doing what no-one had expected – least of all Ken Clarke – and sticking to the limits that the Tories in pre-election mode had let themselves in for. This showed up in inadequate infrastructural investment and the collapse of Labour's transport strategy. Dotcoms, however, enabled him to present himself as a sound financier and debt-reducer. This sleight-of-hand enabled him counter-cyclically to inject investment into the public sector to combat the post-2002 downturn. He couldn't have done this within the Eurozone. But he couldn't invest in technology either, because the R&D hadn't been done. Broonite job-creation, while it didn't add much to net public expenditure, didn't add to productivity either. Where cash flow was necessary to achieve innovation, notably in hospital equipment or industrial training, this absence of resources, planning and direction could be expensive and disastrous.

The primitive technology of retailing was a different matter, and made up the Brown 'renaissance': the dominance of fashion, advertisement, marketing, and persuasion over rational appraisal. What would happen when this retail saturnalia didn't get through to those in real need? Ironically, this made survival easier for Blair, and for David Cameron, the first Conservative leader from adland; the black arts of Saatchi were now in the driving seat. Under New Labour there had been no continuity with the mixed economy as preached by Tony Crosland, or even with the somewhat Gaullist version of it that persisted in the Thatcher years: 'All power is marvellous. Absolute power is absolutely marvellous,' as some wag had put it in these plummy vowels. What Broon had gone for was the American Business Model, oblivious of the warnings of a fellow-Scot, the economist John Kay: "The countries where systems most resemble the prescriptions of the American Business Model – unbridled individualism under weak government – are Nigeria and Haiti, which are among the poorest on the planet." Broon had ticked all the boxes of regulation, so what was in place **looked** strong. Its effectiveness was another matter.

In New Labour's Britain, the rot started at the top. 'Self-regulation' under the Tories had been a farce, but Labour's 'policemen', ostentatious in intention, were ineffective. The difference in power between few and poorly-paid regulators and immensely wealthy, PR-minded corporations and wealthy and unscrupulous incomers from the USA, the Middle East and the ex-USSR was simply too great.

Inadequate regulation is worse than 'self-regulation': a cartel means a single head, which can be carpeted or even chopped off. But corrupt officials, or those who simply give up, can survive indefinitely. This regulatory paralysis had, according to Nick Kochan, pervaded the 'offshore island' of the City of London. The European road haulage industry showed a similar

systematic failure through the abuse of the regulatory system, not by marginal operators, but by giant international firms such as Betz, the biggest haulier in Europe, who relied on powerlessness in Eastern Europe, systematic political pressure from the likes of Daimler-Chrysler and straightforward corruption, backed up by the best legal brains. Such behaviour was not regarded as culpable – first by a management culture which was a stranger to ethical values; second by a Whitehall incapable of stemming manufacturing decline and desperate to attract global finance to the City; third by an interlinked growth of international PR, media and legal consultants, again London-based, which 'wasted' challenges by consumers, the press and media. A New Labour party cut off from its former trade union members proved a pushover.

Yet the carcass was still capable of a 'great deal of ruin'. The Chancellor seemed to have taken on the staying-power of the old industrial barons, though the Blair-Brown dyarchy aggravated governmental weakness by sapping Cabinet control. Corruption needed a long run to take effect. Brown's true forerunner, Henry Dundas 'Harry the Ninth', bought and sold Scotland for decades in the 18th century. He could use imperial patronage as collateral; Brown had to pay with the institutions of the state itself.

Systemic failure becomes even more chronic on the civic front. Voluntary associations and the British 'public culture' – the trade unions, the universities, the BBC, the political elite – once formed a dense civil society which patrolled the operations of the British social market. Brown celebrated this fulsomely once it was on the skids. Now, coincident with the weakening of regulation, there occurred both a collapse of civic **virtù**, and a pervasive rise in 'illegalism'. Could you have **virtù**, with a decline in public participation? Voting in national elections was down to around 60 per cent in general, together with flaws on an American scale in registration and voting, and no British reform in sight. Surveys showed the public, and in particular yooof, as the most ill-informed in Europe. Devolution within the UK, in which so much confidence was invested by organisations like Charter 88, hit the buffers in North East England in November 2004. As a possible future, federalism was dead in the water. The accumulating weight of evidence, uncoordinated but cumulative, is damning. Seen when moving around the provinces of Britain by train and bus, sampling the local press and broadcasting, walking the towns themselves, things got worse. The collapse of social norms gripped liberal Tory commentators such as Ferdy Mount in **Mind the Gap**, or Nick Davies' reports in the **Guardian** on education, drug addiction, and ultimately the quality press itself.

But 'illegalism' can be calculated quite precisely in Brown's own Scotland: the drink culture of youth in cities and provincial towns, the impact of drugs on the country's hidden unemployed and the emergence of a tough and resilient criminal culture which the police (even if competent or willing) are incapable of putting under restraint, which draws particular sustenance from one of the New Labour's 'successes': terrorist diversification in the ghettos of Belfast.

In the 1970s Margaret Drabble, Paul Theroux and Jonathan Raban made similar enquiries into the Condition of Britain, anticipating some of my conclusions. But the deliberate destruction of the civic membrane and its replacement by 'shopping and f*cking' was new in imposing a consumption-based economics: waving goodbye to rational decision-making in the style of Adam Smith's citizenry. Dumbing-down, tarted up as 'post-modern irony' had a very important place in the 'real' politics of New Labour. Winners? They were already abroad, in villas and yachts, enjoying a life-style impossibly remote from the sink estates around old industrial cities, little market towns made hellish by booze and drugs, desolate, gang-run schemes. Yet such life-styles were linked umbilically connected to one another.

The 'matter of Britain' was difficult to focus, as Britain itself, once held together by a powerful industry and adaptive, often Celtic, politicians, dissolved. In **Floating**

Commonwealth I had charted the rise and fall of the institutions that held it together in the steam age, and the constellations of civics and goodwill which had reinforced this. The combination of MetroBrit and provincial hardmen that Brown, represented wrecked what remained of this. A regional **mittelstand** gave way to the bawling of the bourgeois, using football mania to play at being proletarian, while Englisnness presented itself as the saloon-bar-saloon-car psychosis of Jeremy Clarkson. Looked at more analytically, the poverty of property became apparent: an obsession fed by sacrificing culture and pride, and then by desperate strategies to get away from the mess: daft, booze-freighted weekends abroad, crazy, four-wheel drives to weekend

'retreats'. What impends is akin to the implosion of the Christian Democrat and Socialist Parties in Italy in 1993. Worse, in fact: Robert Putnam's **Making Democracy Work** found civic virtue continuing in an urban civility that went back to the Middle Ages. Consider the Italian cities' wretched British twins.

Brown's fortunes were unravelling long before Blair withdrew. There was a cultural context. The foot-soldiers of the Labour party in the provinces had been the public-sector middle class, what Dahrendorf called **Bildungsbürgertum**: Coleridge's 'clerisy', if you like: teachers, social workers, academics, public sector trade unionists. Spurned by Blair, they had turned to Brown only to discover a dedicated neo-con, autistically incapable of exercising any sort of European intellect. Faith in him ebbed even faster than his economic plausibility, leaving Labour with a future as dire as that of the Tories after 1992.

'Tony succeeds by consoling the people Gordon annoys' had been Peter Hennessy's explanation in 2002 for the government's survival. The dyarchy forged by the famous Granita compact of 1994 worked on Brown's side like Thatcher's government after her first disastrous months in office: putting 'dries' in the supply ministries and seeing the 'wets' in the spending ministries tear lumps out of each other. In this Brown had oversight over all of the supply **and** spending departments, Tony did diplomacy

and spin. Initially successful, particularly in Northern Ireland, Blair's portion began to fall apart after 2003 with the Iraq war. By 2005 it was Brown's turn. Not only was his economic policy exposed as narrowly based on an essentially frivolous demand-management, its social implications – the destruction of working-class autonomy in favour of a multiplying bureaucracy on one hand and an underclass on the other – made New Labour seem to lose all elements of progressivism and become a narrow, marketised dogma. What had vanished, in the course of this development, was the resilience of civil society. Brown attempted to revive it, but it seemed to crumble apart, starting with the Labour party and proceeding through the progressive decoupling of English, Scots and Welsh politics, and the flowing tide of 'illegalism'.

The Euroneurosis of the English press was the result of an increasing realisation that beneath the trapeze of Brownite

Not only was Brown's economic policy exposed as an essentially frivolous demand-management, its social implications – the destruction of working-class autonomy in favour of a multiplying bureaucracy on one hand and an underclass on the other – made New Labour lose all elements of progressivism and become a narrow, marketised dogma.

economics and the relentless takeover activity of the City, there was no safety net. Globalisation had been as both inevitable and essentially American, yet in accountancy terms the future was already European by 2005. The selling-off of British assets to European, American or Middle Eastern interests left an ever-narrower industrial base, so that when the housing-retailing current weakened its grip, what the Germans call an **Umwälzung** was inevitable. A cash-rich though growth-poor Europe will use an overturning of the whole structure, with the contraction of retailing spreading out into the sub-prime housing morass. Their investors will extend through bargain-basement takeovers the sort of hegemony exerted by

the same European firms which had already largely taken over the power and postal services. Under the rhetoric of Whitehall nationalism, some sort of Vichyite accommodation will take place on in the City. Soon this will extend to managing the debt culture created by real estate and finance.

The pinch-point will be Scotland, once Brown's own fortress. The Scottish Parliament general election in May 2007 defeated Labour. Brown had 'taken a baseball bat to the SNP' in 1999, and sulked in 2003. If in 2007 he was discredited, the SNP got the overall leadership of an 'independence' ticket because Labour's **Bildungsbürgertum** jumped ship. More important, the SNP has been moving towards its own European goal. Renewable energy beckons along the Atlantic coast. Scotland needs European participation in this. What it doesn't need is the burnt-out case that the British economy had now become. Moreover 'Scotland' doesn't mean the predictable knee-jerking of Middle England, but a clever social-democrat well to Brown's left: Alex Salmond is as experimental and as alarming as Lloyd George a century ago. Westminster should wake up to this. But there is no sign that it has, or ever will. ■

Christopher Harvie is an SNP MSP for mid-Scotland and Fife

the trump illusion

Mike Martin examines the effect of the proposed Trump development on Scotland's energy policy and concludes that we need real political commitment if

we are to make any significant progress

At the end of March 2006, the US billionaire Donald Trump announced plans to build a new world class golfing centre featuring two courses, a hotel, 950 holiday homes and 36 golf villas on the 1,400 acre Menie Estate in Aberdeenshire. The £300m development could bring £150m to the local economy and create 400 jobs. The proposal has gained enthusiastic support from successive First Ministers, local business interests, the media, various local politicians and some councilors but was opposed by Scottish Natural Heritage (SNH), the RSPB and a colorful local grass-roots campaign.

In April 2006 Mr Trump visited the proposed site and expressed concern about a proposed offshore wind-farm consisting of a string of 33 150m turbines standing in the sea in a line. "I am not thrilled - I want to see the ocean, I do not want to see windmills," he said. Shortly afterwards the Aberdeen Renewable Energy Group (AREG) announced modified proposals, with 23 turbines in a more compact grid design several miles south of Mr Trump's proposed development. Notably none of the Trump cheerleaders in the media pointed out that a foreign national was appearing to dictate UK energy policy.

On 29th Nov 2007 the proposal was rejected by the Aberdeenshire Council's infrastructure services committee on the chairman's casting vote after a tied vote. On 5th Dec In an unprecedented move, the proposal was "called in" by Scottish ministers who will now have the final say on whether the resort should go ahead. The infrastructure services committee chairman, Councillor Martin Ford, was comprehensively vilified in the press and subsequently sacked as the committee's chairman at an emergency meeting of the full Council by 26 to 10 votes. Every collective human sin always produces a martyr and, whatever the merits of the Trump proposal, the composure and principled behaviour of Cllr Ford deserve recognition. The undignified spectacle of politicians and the media stampeding to back the Trump proposal is a salutary lesson in the short term and reactive economic thinking of the current political leadership both at local and national level.

Despite the hype, a multi million investment in a service sector initiative in Aberdeenshire will not address the future economic well being of North East Scotland. To appreciate this, an observer could take a journey through the extensive industrial estates of Dyce, Altens and the Bridge of Don with their impressive numbers of fab-shops, service centres, assembly lines, engineering offices, exploration and specialist IT companies etc all humming away. The observer may then appreciate that the Trump investment is insignificant in comparison to that brought in to the North East by the oil and gas industry over the last 35 years.

The North East has become a world centre for off-shore technologies and an example of an "industrial cluster" as defined by Rosenfeld: "a geographically bounded concentration of similar, related or complementary businesses, with

active channels for business transactions, communications and dialogue, that share specialized infrastructure, labor markets and services, and that are faced with common opportunities and threats." (Rosenfeld, Stuart A. 1997. "Bringing Business Clusters into the Mainstream of Economic Development." European Planning Studies 5(1): 3-23.

Despite the recent decline of the North Sea in terms of oil and gas production, this "cluster" continues to expand sales in other areas of the world and is also, where opportunities arise, competing in the nascent market for offshore renewable energy plant and equipment. The question of energy policy for Scotland is current, pressing and has been extensively covered in the media. In summary, diminishing domestic hydrocarbon reserves potentially threatens UK energy security, contributes towards rising energy prices for consumers and widens the UK trade deficit. There is also an imperative for the UK to reduce its CO2 emissions to address climate change which has already claimed thousands of lives throughout the world as a result of flooding, drought and crop disruption.

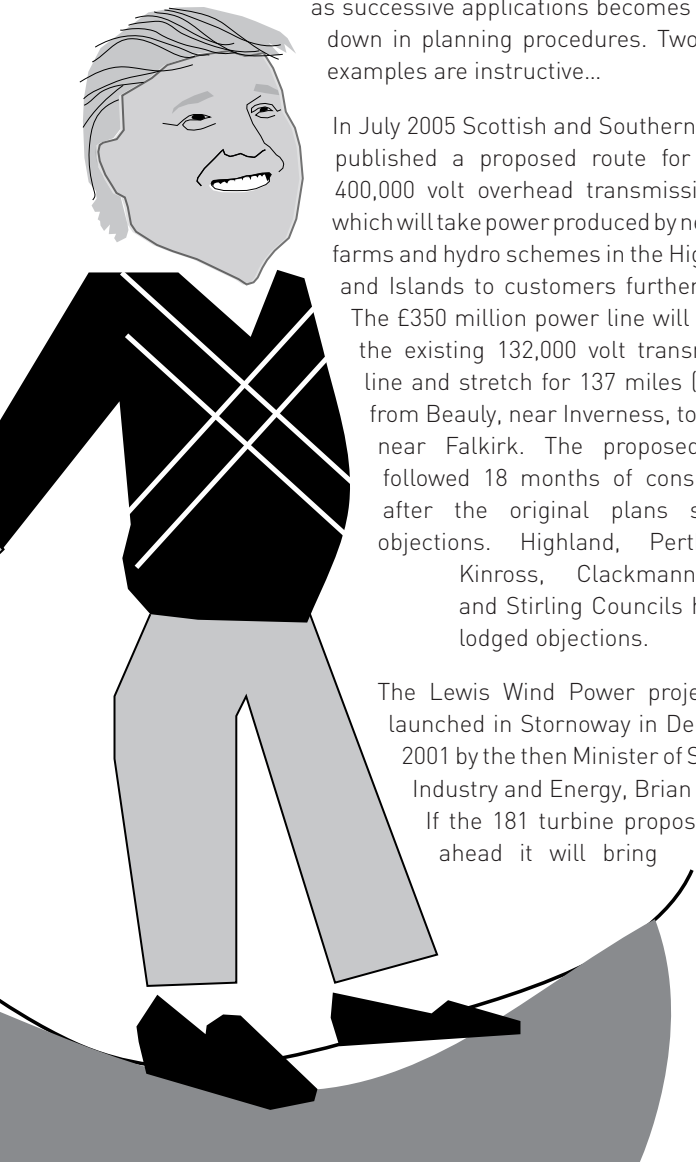
It's not all bad news though. Fortuitously Scotland is ideally placed to be a leading actor in the fields of research, development and manufacture of renewable technologies as well as a producer of electricity from these technologies for the UK and, potentially, Europe. Scotland's 3,700km coastline, prevailing winds and industrial base makes her one of the most suitable countries for on- and off-shore wind-farms, tidal stream and wave power generation in Europe..

Thus the energetic development of offshore renewables will help assure the future prosperity of the North East and contribute to the continuing economic security of



Scotland as a whole. As George Kerevan, Iain MacWhirter and others have pointed out, correct decisions made now on renewables and energy policy could lay the basis for the future prosperity and sustainability of the Scottish economy for generations to come.

In politics, unlike in maths, it is never sufficient to develop a rigorous proof of a good idea for it to become a reality. This is especially true in Scotland where elected governments run scared of the media and are advised by institutions afflicted with structural-conservative myopia and faint-hearted technological pessimism towards renewable energy and technical innovation. In contrast, countries and authorities as diverse as Germany, Iceland and California have boldly implemented ambitious renewables programmes. As Gavin Brown, Conservative list MSP for the Lothians, pointed out in the Scottish Parliamentary Energy debate on 17th January "Funding in the energy and climate change line of the Scottish Government's draft budget will rise from £19 million a year to £33 million a year. With a mere additional £14 million a year in that line, the Government hopes to achieve a renewables revolution and to make Scotland an energy powerhouse." Although this increase is of course welcome, it is still just 1.3 per cent of the Scottish Government's budget and simply not enough to effect the transformation necessary to address the economic, security and environmental imperatives facing Scotland. The non-interventionist tradition of the "Anglo-Saxon" model of Government has resulted in a retarded and piecemeal process of bringing renewables on line as successive applications becomes bogged down in planning procedures. Two recent examples are instructive...



In July 2005 Scottish and Southern Energy published a proposed route for a new 400,000 volt overhead transmission line which will take power produced by new wind farms and hydro schemes in the Highlands and Islands to customers further south. The £350 million power line will replace the existing 132,000 volt transmission line and stretch for 137 miles (220km) from Beaulieu, near Inverness, to Denny, near Falkirk. The proposed route followed 18 months of consultation after the original plans sparked objections. Highland, Perth and Kinross, Clackmannanshire and Stirling Councils have all lodged objections.

The Lewis Wind Power project was launched in Stornoway in December 2001 by the then Minister of State for Industry and Energy, Brian Wilson. If the 181 turbine proposal goes ahead it will bring a n

annual income stream of £6 to £8 million into the community via Crofter, Rental and Community Benefit Payments. Estimated job creation includes 430 jobs that will be supported during the 4 year construction period. Jobs related to operation are 71 full time equivalents (FTE's) and a further 233 FTE jobs supported during the 20 year lifetime. The project also aims to support the development of wind turbine manufacture and assembly at Arnish Yard at Stornoway. In addition, the 652Mw project could supply a tenth of Scotland's renewable electricity, significantly boosting the UK's efforts to cut our increasing CO2 emissions. As a result of the consultation process in 2005, LWP modified their plan to take on board local concerns, reducing the original number of turbines from 234. The Comhairle nan Eilean Siar (Western Isles Council) voted in favour of the project by 18 votes to eight.

The Beaulieu-Denny upgrade and Lewis plan are just two examples of the many renewables projects which will be needed if we are to effectively address the questions of energy security and climate change. The SNP have made enthusiastic noises about renewables but it looks as if they will turn down the Lewis Wind Farm development. If so, then this will reinforce the perception that the SNP use the climate change and energy question opportunistically but when push comes to shove, they cave in to their conservation conservative wing. However, with some justification, an apologist for the SNP might point out that none of the other parties have publicly supported the project. If the SNP also reject the Beaulieu-Denny power-line upgrade, then the future for renewables in NW Scotland will be stymied. There is a loud silence coming from the environmental movement on the recent controversies surrounding Beaulieu-Denny and LWP. In an interview in the Scotsman on 1st February Patrick Harvie, Green list MSP for Glasgow, declined to support LWP. He is joined by Friends of the Earth Scotland and the Climate Change movement who seem to prefer to maintain a Schumackerian purity rather than participate in the actually existing struggles to bring about a sustainable future. Thus, in the absence of a clear lead from Central Government and an absent environmental movement, the combined forces of SNH, the John Muir Trust, the RSPB, a handful of frenzied Nimbyst, EU conservation law, the local MSP Alasdair Allan and MP Angus MacNeil look to have defeated the Western Isles Council, the STUC and business interests. One might expect signs of embarrassment from the Green movement but self-reflection does not seem to feature in their hermetic, My Little Pony world of micro-renewables and "decentralised solutions".

The decisive and energetic development of offshore renewables will help assure the future prosperity of Scotland. The STUC correctly recognise that big business is essential to deliver the substantial infra-structure projects required to meet the twin challenges of energy security and climate change. However, in the absence of a "dirigiste" (a mainly capitalist economy with strong economic participation by government with respect to economics) state with a coherent and sustainable energy program, there is also a need for the left and the greens to throw their weight behind projects such as the Lewis Wind farm Proposal and Beaulieu-Denny. As Fidel Castro once said "we cannot abolish contradictions" and, as distasteful as it may seem to some, when the future sustainability of the planet is at stake we have no option but to get into bed with the BPs and Scottish Southern Electricities of this world. ■

Mike Martin has been a member of the Labour Party since 1982 and is an information and statistics expert

police, politicians and the plutocrat

Philip Stott and Jim Monaghan explore the facts in the Tommy Sheridan perjury investigation and find much to suggest this is more witch-hunt than justice

On 16 December, former Scottish Socialist Party MSP Tommy Sheridan was charged by Lothian and Borders police as part of the most expensive perjury investigation ever in Scotland. Since then four of his party comrades, his wife and his father-in-law have also been charged with perjury. This investigation, instigated by the Scottish Crown Office, was ordered following Tommy Sheridan's defamation victory over Rupert Murdoch's News of the World in July 2006. The same Crown Office will now decide whether criminal trials will take place. The Sheridan Seven, who have been charged as a result of this investigation are: Tommy Sheridan, Jock Penman - Solidarity's Trade Union coordinator, former SSP regional Organiser and shop steward at Rosyth Dockyard; Graeme McIver - the National secretary of Solidarity, also a former Regional Organiser in the SSP and a shop steward at Viasystems; former South of Scotland MSP Rosemary Byrne; Pat Smith, a member of the national steering committee of Stop the War and Solidarity's candidate in the Lothians at last year's Scottish elections; Gail Sheridan, and her father, Gus Healey.

On the day of Tommy's arrest he was held for eight hours for questioning in Edinburgh while nine police officers descended on Tommy and Gail Sheridan's house in Glasgow. They detained Gail, who was alone with her two year old daughter, for eight hours while the police searched the house. The six others who were charged were also treated to six hours of police intimidation. The police campaign continued when police reported Gail Sheridan to her employers, British Airways, alleging theft of miniature alcohol bottles. Following that police action the family's lawyer, Aamer Anwar, described the treatment as "Police harassment". The press was tipped off about the stage-managed arrest of Tommy Sheridan, an action that earned the police condemnation from many quarters for their intimidation and heavy-handed methods. As Tommy Sheridan commented: "I am being treated as if I am a murderer". The press leaks have continued and appear to be the police response to the campaign from Tommy's supporters against the nature of the police action. Aamer Anwar has written to The Lord Advocate, The Justice Minister and to Lothian and Borders Police to complain about the continuing trial by media.

The unprecedented usurping of police resources to carry out this campaign exposes how far Murdoch's media empire, sections of Scotland's legal establishment and the police are prepared to go to try and target Tommy Sheridan. Sections of the media, however, are starting to question the police tactics and the very nature of the investigation. Writing in the Telegraph on Thu 21 February Alan Cochrane commented "Scottish justice is getting a bad name from the Sheridan case. It may not have the trappings of a show trial, but Mr. Sheridan's treatment thus far is beginning to look like cruel and unnatural punishment". Columnist Lesley Riddoch, writing in the Scotsman, added, on the 24th "today public confidence in police procedure has been dented by over-zealous investigation". Moreover, it is unprecedented in Scottish legal history for a civil defamation case to be followed by a criminal investigation into possible perjury having been committed. As BBC Scotland solicitor Alistair

Bonnington said on Newsnight Scotland on 17 December "lies are told every day and in every case in courts across Scotland. What happens about that? Absolutely nothing. Just because this case involved a politician and a newspaper is not a reasonable basis at all to proceed with a perjury investigation. For Scotland this sets a precedent." Respected Glasgow Solicitor Len Murray, who before retiring also lectured in law at the Scottish Police College, told STV news on 22 February "I have never ever heard of a charge of perjury arising out of a civil case". That same STV report highlighted that only 0.01 per cent of all cases in Scotland's courts ends in a perjury case. The key question in this why the precedent, why this case? Prominent Scottish journalist Iain McWhirter, writing in the Guardian, made the point "You can't help wondering why Lothian and Borders Police saw fit to devote hundreds of thousands of pounds to this case, when there are so many other demands on their time - such as pursuing rape cases in a region where fewer than 2 per cent lead to successful prosecutions."

The oft-repeated claim is that it was remarks of the Judge in the original defamation trial that led to the investigation. He had commented on the clear contradiction in evidence about an SSP Executive meeting. But this is a common occurrence in courts and rarely if ever leads to an investigation, never in the case of civil trials. John McManus, of the Miscarriages of Justice Organisation, Scotland (MOJO) points out that similar remarks by judges in other cases have not seen a comparable follow-up: "In March 2006, the Lothian and Borders Police were asked to investigate a corrupt cop, Richard Munro, in the case of fitting up Steven Johnston and Billy Allison on a murder charge, which they spent 10 years in prison as innocent men. This was months before Tommy Sheridan's trial had even started, yet we are still waiting the outcome of their investigation."

Another claim is that it is because Tommy Sheridan is a high profile politician with comparisons made to the Tory MPs Jonathan Aitken and Jeffrey Archer. But again this just highlights how unique this case is. In Archer's case he was caught by the confession of a co-conspirator, in Aitken's case the Guardian newspaper pursued the story, eventually uncovering evidence to force Aitken to admit a crime. The Guardian did not receive the help of a police force and a million pound budget to support their claims. Another striking difference between the Aitken and Tommy Sheridan cases is when Aitken was discovered to have admitted a crime, he was asked to turn up at the police station voluntarily, no 'Starsky and Hutch' scenarios and no raid on his house. The very act of launching this investigation will have serious ramifications in Scottish Justice, according to respected former QC Iain Hamilton. On his blog, www.iainhamiltonqc.com, he states "Tommy Sheridan has been vindicated by a jury of his peers. A jury heard the evidence and awarded him damages. It is no part of the duty of our police to prove the jury wrong and a newspaper right. Edinburgh and Lothians Police are conducting a vendetta against justice itself. Who can curb these officers who are clearly out of control?"

The huge resources and costs are also a cause for concern. A Freedom Of Information request by Solidarity member and Lothians resident Hugh Kerr revealed that a staggering £1m had been spent on the so far with over 40,000 police hours allocated to the investigation. This is from a police force with consistently poor clear up rates for crimes in their area. For what purpose? To try and destroy the reputation of one of the most prominent socialists in Scotland.

Tommy Sheridan has been the foremost figure in the Scottish socialist movement for nearly two decades. He was a leader of the anti-poll tax movement that was central to organising the mass non-payment campaign that defeated the Tory government in the early 1990s and in the process ended the career of Margaret Thatcher. He served a four-month jail sentence during that campaign as a result of his leadership of it, and he was elected from his prison cell to Glasgow city council in 1992. Tommy was elected as a socialist living on the average wage of a worker to the Scottish parliament in 1999. His uncompromising stand against racism, poverty, injustice and as a fighter for ordinary working people earned the hatred of the right-wing press and the big business establishment. It was this that made him the target of the Murdoch media empire whose stable of papers include the Sun and News of the World, papers with a long record of attacking workers, trade unionists, asylum seekers and socialists. Murdoch's vendetta against Tommy Sheridan is part of a campaign to destroy any opposition to the billionaires and the system that the Murdochs of this world seek to defend at all costs. This vendetta has increased in intensity and desperation following Tommy Sheridan's defamation victory against Murdoch's News of the World in 2006. The possibility

of a perjury trials is a continuation of this witch-hunt by the Murdoch empire. As Iain McWhirter commented: "It is hard not to conclude that the police's diligence has been inspired by Rupert Murdoch's News International".

A 'defend Tommy Sheridan campaign' website has been set up. Hundreds of people have pledged their support including leading members of the trade union movement like Bob Crow of the RMT and Janice Godrich of the PCS union. Paddy Hill of the Birmingham Six and Gerry Conlon from the Guildford Four have also added their support. George Galloway MP commented, on the campaign website "Tommy's real crime in the eyes of News International is that he has spent his entire political life speaking truth to power". Pages set up on Myspace and Facebook have attracted support from many people including Paul Heaton, singer from the Housemartins and the Beautiful South, as well as Edwyn Collins. Tens of thousands of copies of a four-page newspaper have been produced by Solidarity, Scotland's Socialist Movement, to highlight this case. A series of Defend Tommy Sheridan rallies are planned with prominent speakers from the socialist and trade union movement as well as a concert and possible CD. Add your name to those speaking out in defence of the Sheridan Seven and be one of many willing to stand up against the Murdoch vendetta. Demand an end to the shocking waste of public resources being used to prosecute this witch-hunt and for the right not to be silenced by the rich and powerful. ■

Philip Stott and Jim Monaghan are members of Solidarity



Fighting for trade-union freedom

Justice for temporary and agency workers

Union rights are human rights

Bob Crow, General Secretary

John Leach, President

Phil McGarry, Ian Macintyre Scottish Organisers

cultural identity and tv

Dave Rushton looks at the development of broadcasting since the 1950's and asks if regional broadcasting is meeting the needs of Scotland

Fifty years after the introduction of a single central Scotland service Ofcom justifies the replacement of regional programmes throughout the UK with more cheaply made national and acquired programmes. That is, rather than replace a regional TV service with a wanted local service, to satisfy viewer interests in ways consistent with public assessment and viable commercial scale, the alternative is to press public service further into a UK mould. Twenty years after ITV's birth, the public were telling the new regulator, the Independent Broadcasting Authority, that 'regional news' was too remote. In responses from three out of four UK regions, sampled in October 1976, "30 per cent, to 40 per cent of viewers say that the news magazine deals too much with local news in other areas [in the TV region]". The IBA concluded "what is attractive is material which reinforces personal identity, the sight of people or places known or recognised, and historical or cultural explorations of the local background to personal identity". This demand was sufficiently widely expressed for the regulator to suggest that when new engineering opportunities for television transmission arise, what would be "welcomed would be social and cultural material of an identity-reflecting and enhancing nature".

In providing evidence to the Committee on the Future of Broadcasting, the IBA had already noted it would be technically possible "for separate local interest programmes to be transmitted from a station, or stations, covering parts of the [ITV] contract area. They are a possible development of ITV's regional structure". A year later, the Crawford Committee Report concluded, "separate news programmes ... could make a valuable contribution to meeting the demands of viewers for a more localised service", adding that "an interest in regional programme variations grows in importance, as viewers become more selective and more aware of local loyalties and interests ... there would be an advantage in the number of areas into which the United Kingdom is divided by the BBC and the IBA for regional programme purposes being increased".

A common criticism made by viewers of Birmingham's Central News in 1984, "was a feeling that the programme concentrated too much on controversial or superficial padding, sometimes at the expense of more serious or worthy items, and sometimes to allow presenters to push their own personalities". For regional news, it was news presentation, rather than news content that was favourably received, as "'friendly', 'relaxed' and 'human'". With 'entertaining' cropping up frequently in responses in this study, Kerr found this to be "an unusual description for a local news programme". Meanwhile the viewers in central Scotland were also preoccupied with regional news focused on "presentation, which many viewers considered 'amateurish', 'flippant' and 'superficial'". The IBA/ITC Mapping Regional Views study (1990) found news about a person's own locality or district as "of primary importance by most people (88 per cent)". In this study it becomes very clear that television on the regional scale occupies a transmission territory, as well as broadcasting airtime, confusing what is 'local' with what can be passed off as 'regional', overlooking the obvious local identifications that are evident in the public's comments in Mapping Regional Views. A decade after the IBA and Crawford Committee had

recommended a more localised service, television engineering presented opportunities for new channels, including local TV on both fifth and sixth channel spectrum (identified in 1988) and a reassessment of the scale of commercial TV's coverage in the licence renewal rounds. And yet, in spite of the longstanding recommendations pressing the local case, Government favoured greater channel choice by introducing further large-scale commercial channels.

The IBA's studies from this period doubted that the Government's preference for 'channel choice' actually reflected public support or would result in improved viewer satisfaction. In 1988 the IBA found there was no link between "an increase in availability [of channels and] greater appreciation". The reason was simply that greater choice represented through more channels served to heighten the competition between each channel for viewer attention, conflicting with channel complementarity, where programmes are transmitted to avoid clashes between similar programme types. Yet there seemed no turning back. It is not possible to enforce a policy of complementarity where new channels or sets of channels compete outside of a given control body; so any unregulated addition of new channels is likely to increase the amount of 'redundant availability' across TV viewing".

In this IBA study Wober and Kilpatrick anticipate the collapse of public intervention in the struggle to support complementarity in public service broadcasting against a proliferation of multi-channels. With multi-channel viewers experiencing greater redundant availability by being offered many more channels than they are able to watch. As multi-channel has extended there are only a handful of channels regularly watched. Television programmes differ from other consumer goods: if they are not watched they are lost to the viewer, or not 'consumed'. Yet, far from addressing waste, multi-channel choice fosters flagrant abuse of spectrum under the guise of responding to a consumer demand the consumer does not choose and which, in terms of spectrum efficiency, is a wasteful way to deliver diversity and variety by terrestrial means. With multi-channel firmly in place by 1995, the Shadow Minister for Broadcasting, Graham Allen MP, reflected upon the outcome that Wober and Kilpatrick had predicted, "yet again there is a gaping hole in the Government's proposals to provide local services rather than more of the same. In Bruce Springsteen's words, "two hundred channels and nothing to watch." If the Government became involved and took action, the alternative could be a burst of creative variety in local programming".

In 1989, to better understand the 'public's view' the IBA conducted a detailed study of public opinion. Although the majority of viewers felt there was quite a lot of television regulation, this regulation was not 'too much' and "overall the majority of six in ten viewers felt the amount of regulation was about right, while one in four felt there was too little". Across all demographic groups, 79 per cent favoured the continuing supervision or regulation of broadcasting. Less than one in five viewers believed these new channels would offer quality, with 39 per cent believing they were likely to be of worse quality than

current channels. And yet, for the majority of viewers, “quality is paramount, and given the choice in principle between quality and quantity, opt for the former rather than the latter. Nine in ten viewers want better quality programmes, rather than more channels”.

In 1989 the IBA set out to assess the expectation of television satisfaction with the multi-channel television proposals, concluding “what is noticeable ... is the absence of large scale special pleading [among viewer’s questioned] for more of those programme types which are often claimed as representing the shape of things to come – quiz shows, sport, soap operas”. Svennevig felt that introducing further channels was unlikely to have a positive outcome, although battle lines were being drawn with, on the one side, the Government’s White Paper [Broadcasting in the ’90s, which] states that the most effective way to give viewers choice is to increase the number of channels available. Against this is the argument which states that maximum choice is achieved through scheduling diversity and range on fewer channels.

The Broadcast Bill of 1995, and the anticipation of digital terrestrial television, provided an opportunity for parliamentary debate on public priorities. The ITC’s final study on regional television, before handing regulatory duties onto Ofcom, was conducted in 2002. Titled *Pride of Place* its researcher, Jane Sancho, explored the replacement of regional ITV services, should the commercial operator decide “it can’t afford to produce regional programmes so it stops showing them”. Sancho finds support for replacing the regional service with a “network of local television services (RSLs) broadcast[ing] local programmes across the country”. The study’s jury in the north of England had access to the local RSL, Channel M. This jury valued its local service particularly for encouraging local expression, while adding to Sancho’s commentary the idea that the absence of a local channel in some areas “was unacceptable, as was the fact that local news might not be provided because the costs would be prohibitive”.

Ofcom favours the commercial sector to decide spectrum’s future use, the public’s preference, where it has been involved, is strongly at odds, retaining a social and public justification for spectrum to be held to public account. Without public intervention, future communication markets will serve best only those capable of being easily reached by a commercially viable package of spectrum uses, because “consumer interests arise following the establishment of a market, in which individual consumers make decisions about the acquisition and/or use of goods and services which are provided by suppliers”. The consumer influence arises only when the supplier has identified the scale and degree of access required for their operation. In communication markets (in particular, in broadcast markets) the consumer is not individually able to increase supply through personal demand because what influences the construction, scale and viability of the markets is the location of consumers

close together and close to the source(s) of distribution. Ofcom supports the creation of markets that enable consumption, rather than the construction of markets based on demand or service requirement. For terrestrial television communications, for cable and high-speed broadband, markets are respectively being built around the power and reach of transmitters and the bandwidth of cable and subscriber proximity to digital switches. It is this sense of network capacity rather than demand from all possible consumers that determines commercial efficiency in delivering communications services to households on a local as well as regional scale.

In the course of the last 50 years – through the BBC, ITA, IBA, ITC and Ofcom – a moderate if frequent demand has been recorded to remind Government, regulator and broadcaster that the public require broadcast supply to fit the contours of civil society, not to try and have civil society conform to the contours of commercially satisfied economics. The public’s view has been ignored, even wilfully distorted, pushed aside in favour of encouraging commercial ‘cherry-picking’ to deliver a supposedly greater choice through multi-channel broadcasting which, for many, offers no choice at all. In 1989, the IBA argued

“There is a gaping hole in the Government’s proposals to provide local services rather than more of the same. In Bruce Springsteen’s words, “two hundred channels and nothing to watch.” If the Government took action, the alternative could be a burst of creative variety in local programming”

that multi-channel choice would not necessarily enable greater choice but would generate wastage in spectrum use, offering redundant programming in the heightened competition of less watched channels chasing viewer attention.

Rather than respond to this evidence, Ofcom has encouraged ITV to withdraw from regional public service (non-news) programming at digital switchover, to better enable the commercial public service to compete with those commercial channels not required to provide universal coverage or public purpose. Where does this leave ITV’s public involvement?

Ofcom offer no evidence that a seemingly inevitable heightened competition will improve the quality of either commercial or public service television. In withdrawing from public service obligations ITV are also not giving up public service spectrum (with access to 98.5 per cent of homes) or their prominent position on electronic programme guides. Instead of building upon Sancho’s 2002 study for the ITC, and introducing local TV to replace the regional loss across all areas of the country, Ofcom refuses to extend the restricted services license for analogue local TV into digital transmission and draw up a national local frequency plan. The regulator is hostile to a comprehensive universal local public TV service, using add/drop technology. And yet universal access to local television as a public service remains the public’s requirement from Ofcom evident in Ofcom’s studies MORI (2005) and Holden Pearmain and ORC International (2006). While, in Scotland, four years have passed since the BBC’s Journalism Review 2003 found overwhelming public demand for 5-10 minutes local news in the 6-7pm TV news slot. ■

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is more GDP good?

Dr Bill Wilson and Dr R Eric Swanepoel expose the weaknesses of using GDP to measure the size and success of an economy

The first time I seriously began to question GDP as a valid measurement, of, well, anything whatsoever, was during a conversation about the Exxon Valdez disaster of March 1989. My companion casually mentioned that while it might have caused horrendous environmental damage it had been good for the economy. The Exxon Valdez dumped 11 million gallons (41.8 m litres) of crude oil and contaminated about 1,300 miles of coastline. The Wall Street Journal estimated the clean-up cost to exceed \$1.25 billion. It had huge negative impacts upon the Alaskan natives. Many animals and plants are now known to have suffered long-term damage, as did fish populations. In spite of all that, it was, supposedly, good for the economy! "Good for the economy?" I queried, thinking, "Well, if an environmental and social disaster of that magnitude is good for the economy what on earth is bad for the economy. "Yes, good for the economy. It boosted US GDP considerably." I checked. Yes, it appeared true (although Marilyn Waring, a major contributor to the debate, has been criticised for counting both income and expenditures relating to the Exxon Valdez disaster as contributing to GDP, in effect, "double-counting"). I found this difficult to comprehend. How could a disaster which drained resources, and arguably had no long-term positive benefits improve economic growth figures?

But that is not the only demonstration of the silliness of a measure capable of providing counter-intuitive results. If Exxon Valdez does not put you off GDP, consider prisons — locking up more people boosts our GDP. We have to pay more prison wardens, we have to pay for food, we have to pay a whole range of extra costs associated with incarcerating a sizeable chunk of our population. This is, a GDP-b(i)ased approach would suggest, a good way of generating extra economic activity. But now we have an interesting economic dilemma. If we improve our education system we may also boost our GDP, but that may have an adverse effect on the number of people we have to lock up. It could be even worse. Let us imagine that we tackle the major cause of crime: poverty and inequality. Now that would give a large section of our population more disposable income would mean greater economic growth — our GDP goes up. But, wait a minute; we shall reduce the prison population — that means our economic growth goes down.

It is clearly time to drop GDP as a major method of measurement. As we face environmental catastrophe, as the poorest in our world are already beginning to die from the effects of global warming, when being born in the poorest areas of Scotland is effectively a sentence to premature death, it is ludicrous that we retain a system of economic assessment that cannot differentiate between positive and negative economic activity. GDP is, in effect, a meaningless measurement.

The next question is: what do we move on to? The King of Bhutan claims to measure Gross Domestic Happiness. (I say "claims" because I know little of Bhutan and do not know how successful this measure actually is). Nonetheless, at least one head of state recognises that other measures are possible. Alternatives include the Fordham Index of Social Health (FISH),

the Genuine Progress Indicator (GPI), the United Nations Human Development Index (UNHDI), the Gross Sustainable Development Product (GSDP) and the Gross Environmental Sustainable Development Index (GESDI).

However, it is not enough simply to alter the criteria we use to estimate the overall "success" of our society, we need to identify methods of measurement which will allow us to assess the value of basic economic and social decisions. What is the real impact of proposed public expenditure? How can procurement policies be developed to maximise the benefits to our society? We need to find ways of measuring the impacts of our decisions so that they fully reflect their social and environmental impacts, we must move beyond simple economic measurements.

In December last year I raised this issue in the Scottish Parliament, asking the Cabinet Secretary for Finance and Sustainable Growth whether he was "aware of the Social Return on Investment (SROI) tool successfully piloted by the New Economics Foundation and Social Economy Scotland". Now, I do not claim that SROI is definitely the answer, but it looks like a step in the right direction. In essence, the SROI tool is a new idea for measuring the "success" of businesses, taking into account not just economic performance but also the overall contribution to society. Conventional economics often fails to account for the harm that some businesses do to the environment and to society. Such "externalities" as pollution, or the harmful effect of enhancing disparities, often do not appear on balance sheets. Likewise, the non-financial benefits of certain green and/or socially responsible businesses do not show up in conventional economic measures. The SROI tool shows some promise as a means of rectifying the flaws of the conventional approach. It seeks to give a monetary value to what were formerly the intangible effects of businesses. There are other methods. One thing is, however, absolutely clear: it is time to move beyond simple monetary measurements and lay GDP to rest.

John Swinney's answer to my question? "The Scottish Government is a partner in Social Economy Scotland and has engaged directly in the social return on investment pilot. The SROI tool offers a potential mechanism for funders to recognise the monetary value of the social returns on their investments. To support this, we are currently piloting predictive SROI."

On 31 January this year I followed up my question to John Swinney by asking Jim Mather, the Minister for Enterprise, Energy and Tourism, if the Scottish Government would consider varying business rates according to companies' performance as measured by schemes and awards designed to recognise or support businesses that achieve excellence with regard to environmental and ethical criteria. His reply started with the words, "That is an interesting idea..."

I await further developments with interest. ■

Dr Bill Wilson is an SNP MSP for the West of Scotland) and Dr R Eric Swanepoel is the author of "Saving the World and Being Happy"

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a better future?

Grahame Smith discusses the important issues that will be addressed at the next STUC Congress and concludes that action must be taken now

When the STUC met in Glasgow last April we were, of course, in the midst of the Scottish election campaign. If few predicted the outcome, fewer still would have predicted the state of Scottish politics a year on. The minority SNP administration has sailed through its first year, assisted in no small part by a tolerant media, a Labour Party that has struggled to come to terms with its opposition role and a Scottish Labour leader whose effectiveness until now has been severely restricted by the campaign funding debacle and a lack of discipline by some of her Westminster colleagues who should know better. When the STUC meets in Inverness in April this year, Alex Salmond will become the first non-Labour First Minister to address Congress. This will provide the clearest signal that the STUC remains committed to engaging with Government at whatever level and of whatever political colour if we believe this to be in the interest of Scotland's workers and their families. As we did with the previous Administration, we signed a Memorandum of Understanding with the new Government. This commits us to work together where our interests converge but it also recognises that we won't agree on everything and indeed may fundamentally disagree on some key areas of policy.

At its first meeting with the First Minister, the General Council agreed communiqués on Skills Utilisation and on Poverty and Health Inequality. However, we remain opposed to the Government's council tax freeze, their local income tax ambitions and their business tax cutting agenda. And, as our 2007 Congress confirmed, we remain to be convinced of the economic arguments for Scottish Independence or of the merit in an Independence Referendum. We will, of course, engage in the Government's National Conversation and in any Constitutional Commission established by the Scottish Parliament and the Westminster Government, but on our terms. Indeed we had at last Congress, and well in advance of the National Conversation and Constitutional Commission, agreed to undertake a process of consultation and debate on the Powers of the Parliament and to make recommendations if and when we decided they should be extended.

At one level, our approach will be to identify what might be called the anomalies of the current settlement and call for these to be rectified. Issues like prudential borrowing powers for the Scottish Government, decisions over the eligibility of council tax rebates and the regulation of health professions are ones being considered by some unions. I also, know that there is a view that there is no demand for further constitutional change coming from their members. Indeed, three years ago, again acting on a decision of our Congress, we consulted our affiliates on the devolution of employment law. We received only 4 responses from our 55 affiliates, two for and two against.

This year's Congress will receive a report on the outcome of the consultation we have undertaken on the devolution to the Parliament of further fiscal powers, and powers over broadcasting and equalities. And this work will continue beyond Congress as we seek to engage the trade union movement in a comprehensive dialogue about our constitutional settlement. We expect soon to consult on the current settlement in relation

to health and safety and on a range of further powers including the proposed devolution of the civil service, the energy powers currently reserved at Westminster, and aspects of immigration and employment policy, with the aim of reporting on all of these issues to our 2009 Congress.

I will stress here, that the STUC does not have a presumption in favour of devolving any particular power. The views of our affiliated organisations are likely to differ and, on a case by case basis, we need to consider the arguments, and come to clear decisions based on what the Scottish trade union movement believes is best constitutional settlement for Scotland and for Britain. And as the STUC and other civic partners continue along the road, it is incumbent upon us to consult not just internally, not just with government, but with each other. The National Conversation and the Constitutional Commission must engage civic Scotland in the way the Constitutional Convention sought to do. But civic Scotland should not wait to be asked before putting its tuppenth worth. It is certainly not our intention to hold back. While the appearance of Alex Salmond at Congress guarantee a prominence for the Constitutional issue, the main focus will be on union demands for economic and social justice and equality. Our Congress theme this year is "Unions Work for Equality and Justice".

Congress will provide the opportunity for us to focus on the unacceptable levels of poverty, particularly child poverty, in Scotland and the UK. I am sure I'm not the only person that has found the debate on inheritance tax and capital gains tax profoundly distasteful in a nation struggling to meet its child poverty targets. It is a disgrace that nearly 4 million children in the UK are living in poverty. An extra investment of £4 billion is needed to halve child poverty by 2010. But the cost of inaction is ten times greater. Child poverty costs Scotland £3.4 billion a year, or two and a half thousand pounds for every family. Unless the UK government steps up spending it will get nowhere near its target to half child poverty by 2010. And the possibility of tax breaks for marriage as a means of tackling child poverty is even more worrying. Child poverty will only be eradicated by focusing on the needs of the children, not on the marital status of the parents. A tax break for married parents will be like imposing a tax punishment on the children of lone and unmarried parents.

Poverty derives from the inter-relationships of a range of factors: ill-health, worklessness; poor housing; discrimination; powerlessness. While there has been much political focus on welfare reform and moving people from benefits to work there has been much less concentration on the working poor. The Institute for Public Policy Research identifies that 501,000 (23.7 per cent) of Scottish workers were low paid in April 2006, based on figure of £6.67 per hour. This is a little higher than for the UK as a whole but somewhat better than all regions excluding London and the South East. Around a quarter of the low paid are employed in the public sector and a significant further proportion are employed in the private and voluntary sectors delivering public services or undertaking work paid for through public sector procurement. And women are particularly likely to work in low-paid and undervalued work.

A significant proportion of low paid workers are direct public sector employees. With real inflation running significantly higher than the Westminster Government's chosen CPI measure, the arbitrary limits on public sector pay fail to recognise the real hardship faced by many public service workers. These difficulties are likely to be exacerbated by the 2 per cent efficiency savings required by the Scottish Budget and the ongoing concern of public sector unions that some employers may seek to fund equal pay by imposing unacceptable pay cuts. We need a national debate about taxation in the UK to examine whether overall levels of taxation are sufficient to meet the demands of a mature western democracy. Instead, what we seem to have is an auction of virtue amongst the political parties as to who can cut business tax the most to appeal to the small business lobby or middle class voters who seem to want simultaneously lower taxes and better public services. If Government wants to take action on business tax, it would be better employed closing the tax loopholes that are exploited by private equity firms. And the Government should ignore the pathetic whinging about non-doms. They earn billions from the British economy and are subsidised in so doing by the taxpayer. The least they should be asked for is a few thousand pounds in tax.

And the Scottish Government must face up to its responsibilities. The First Minister has often stated that his government would cut corporation tax if it had the power to do so. It has already accelerated cuts to business rates to secure a budget deal with the Tories and its concordat with local government is partly designed to freeze the council tax, with its longer term aim to replacing it with a local income tax. This will undoubtedly have an impact on jobs and services. And I do not share John Swinney's confidence that a low tax, low regulation approach to economic growth will make us all better off. A tax cut for business is more likely to be spent in the travel agent or the BMW garage than on R&D, new equipment, training or tackling workplace discrimination. Cutting regulation is more likely to mean; more workers denied their rights to the minimum wage and holiday entitlement; more workplace discrimination and more accidents at work.

On health and safety, we hope to make Congress the focal point of the Partnership for Health and Safety in Scotland's Health and Safety month and to profile the outstanding work being done by unions such as USDAW, Unite, Unison and Community to address the issue of violence against workers who serve the public. It should go without saying that those who spend their working lives saving the lives of others should be allowed to do so free from abuse or risk of injury. While many doubted how effective the Emergency Workers Act would be there are currently, on average, 120 successful convictions a year. And as at 31 December a further 218 cases were ongoing. The recent move by the Scottish Government to extend this legislation to all doctors, nurses and midwives while on duty is of course very welcome. However, the cover provided by the Act is limited and

many workers facing emergency situations in their working environments continue to be abused and attacked without any additional protection or realistic possibility of prosecution after the event. That is why we have been working with the Scottish Government (and with the previous Scottish Executive) to put in place a package of non legislative measures that could be progressed to protect all workers.

We will also be using Congress to maintain the pressure for effective corporate killing legislation in Scotland. We remain deeply disappointed that the legislation passed at Westminster will not hold to account those individuals who cause the deaths of workers or members of the public. It is ludicrous that any motorist who's driving falls below an unacceptable standard and causes death on the roads can be prosecuted and quite rightly face imprisonment. But, when company bosses display similar standards of unacceptable behaviour they escape justice leaving the families of the victims totally bereft and feeling cheated by the justice system. If this is not bad enough, families are often made to wait three or more years before finally finding out the precise circumstances that led to the deaths their loved. The Scottish Parliament should revisit our common law of culpable homicide and ensure that it applies across our society

and institute changes in the Fatal Accident Inquiry procedure that makes them more effective and quicker at providing the answers the families of those killed at work deserve.

We can also look forward to a lively debate on Europe and on the contentious issue of the STUC's position on a Referendum on the Lisbon Treaty. The debate on the future direction of Europe has been ongoing within the trade union movement for many years. In the 1980s and 1990s unions eagerly looked to Europe for its socially progressive and supportive legislation to defend and protect British and Scottish workers. However, things have changed, and the social Europe agenda seems to have been increasingly derailed. There are very real concerns amongst some that the Lisbon Treaty and the broader agenda

will centralise power in Brussels and herald further economic liberalisation and privatisation of public services, specifically health services. Others in the movement would point the finger of blame for this right wing agenda not at Europe but at the UK Government. It is the UK Government that is blocking the Temporary/Agency Workers Directive and it's negotiated opt out of the Charter of Fundamental Human Rights will deny British people the protection available to other EU citizens. What sort of message does this send Gordon Brown should remove his objections to the TAWD, sign up to the CFHR and get the social Europe agenda back on track. ■

Grahame Smith is General Secretary of the STUC

web review

Henry McCubbin

Trouble with seeking editorial themes for a magazine, such as SLR, is that you would need a crystal ball to ensure topicality or just luck. Well I believe we've had a bit of the latter this time. Both Greenpeace, www.greenpeace.org.uk/blog/climate/climate-campaigners-bring-peaceful-protest-to-heathrow-20080225, and plane stupid, www.planestupid.com decided to highlight corporate manipulation of nationally important planning decisions and Northern Rock has just received more corporate welfare than the budget of the NHS in the same month as SLR examines Scotland's policy makers and their relationship with corporate lobbying.

Web sites offering backgrounds, news and links to relevant sites include www.corporatewatch.org.uk which shines a light in to the darker corners of the PR industry where you can find such incendiary figures as Baron Watson of Invergowrie.

The next link will take you to the site associated with the DVD of the same name www.thecorporation.com here the status given to our corporations in our political systems is clinically dissected and presented as a source for discussion and education.

Following on the behaviour of our corporations and the lobbyists who work for them we have the behaviour of the state in response to the demands of big business usually presented in luxurious surrounding away from the gaze of the hoi polloi. The organisation www.statewatch.org provides great assistance in watching over those who would govern us.

And they need watching for just as the protesters over the expansion of Heathrow unfurled their banners Prime Minister Brown was on his feet at PMQs with the sinister message that decisions, such as the Heathrow one, would be taken on the floor of this house and not the roof. Never pausing to consider why people had to take to the roof to be noticed by the public and their parliamentary representatives. How nearly impossible it is to penetrate the ruck and maul of lobbyists surrounding ministers all with security passes to keep them safe from that which truly terrorises them, ordinary people calling for a say in the decisions that affect them and theirs.



The Public and Commercial Services union sends greetings to delegates attending the 111th Annual Congress of the STUC



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Kick Up The Tabloids

BERWICK “NOW TERRORISTS”: BROWN

I am writing this from London, where the profile of Scots is somewhat schizophrenic. We're either living in cardboard boxes, or we're running the country. Many people down South still have the stereotypical notion of the Scots being curmudgeonly, sanctimonious, penny-pinching and socially inept. We all of course know that to be nonsense but perhaps someone should tell Gordon Brown.

On the contrary, modern Scotland is a dynamic far-sighted country where, with a government intent on banning road tolls, bringing home the Lewis chessmen and reclaiming Berwick upon Tweed.

Abolishing tolls on the Forth Road Bridge redresses a forty-year-old injustice. It never seemed fair that we had to pay to get in to Fife but got out for nothing. And in the first week of toll-free travel, 35,000 extra drivers per day used the crossing. Which did nothing to dispel the old myth that the Scots are mean.

Meanwhile, Alex Salmond wants Berwick upon Tweed to rejoin Scotland. The citizens of Berwick are reportedly very keen on the idea too, but having visited Berwick I'm not too sure how popular a move this will be with the people of Scotland. Also, I think we ought to check first whether Berwick is sill at war with Russia or not, which they were for several years due to some quirk of history.

Whether in England or Scotland, the people of Berwick will doubtless still have to address the issue most exciting the tabloid papers, that of binge-drink Britain. It now appears that the reason drunk teenagers are now murdering people on the streets is all the fault of supermarkets, and cut-price booze offers. It seems drink is now so cheap that youngsters find it impossible to stop drinking until they are so pissed they have to kill one another.

The Liberals weigh in with the argument that poverty too is a factor. And cheap alcohol. The implication here is that in the old days, when poor people couldn't afford to get drunk, there wasn't any trouble on the streets. Many people fondly remember those far-off halcyon days when only posh students had the wherewithal to get violently drunk of a Saturday night.

I blame the government. The real reason there are so many people getting drunk and fighting on the street is because they can't smoke in the pub. I reckon if you look at the statistics for in-pub murder and violent assault, the rates will have dropped since he smoking ban was introduced.

Linford Christie, meanwhile, says street crime would be reduced by involving more young people in sport. Apart from the obvious contradiction of a convicted drug cheat holding himself as a role-model for our youth, Christie is clearly talking utter tripe. The one saving grace of our violent youths is that ninety per cent of them are clinically obese and therefore easy to catch in a chase. What chance will our hard-pressed police have in catching up with a gang of young ned who can all do 10.9 seconds for the 100 metres ?

It always used to be said that the way to stop young people getting drunk and punching people outside nightclubs was to put them in the Army. Which was obviously why Prince Harry as called up and sent to Afghanistan. That and the huge PR vale of him coming back.

If, that is, he was ever there in the first place. You don't have to a conspiracy theory nerd to think the whole thing might have been a stunt. During the Blitz, the Queen Mother was always pictured visiting bombed-out houses in the East End, although many people at the time thought she had used Margaret Dumont from the Marx Brothers movies as a stunt double.

With modern technology, it would be simplicity itself to have Harry digitally dropped into film of soldiers on the front line.

Whatever, it now seems likely that Harry will now be a target for Al Qaeda. Certain factions within the Royal family may think that if there is to be a sacrifice it may as well be Harry, since he actually isn't one of them. Not that Harry should worry too much. He will doubtless receive 24-hour protection from MI6, who made a very good job of taking care of his mother, according to Mohammed al Fayed.

Now imagine the consequences if every binge-drinking youth in the country was allowed behind the wheel of a Mercedes. ■



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