

***For A
Scottish People's
Parliament
Now!***

The Red Paper Collective



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The mosaic on the cover was made in 1978 by Kenneth Budd. It tells the story of how people in Newport marched to demand the release of the imprisoned Chartist Henry Vincent as part of the struggle for British democracy.

The Back page graphic is work by creatives in the labour movement coordinated by Labour Party Graphic Designers

Introduction

Neil Findlay MSP

It might easily be forgotten, but Keir Starmer won the leadership of the Labour Party on the basis of a radical ten point programme that, among things, promised widespread nationalisation, economic justice by taxing the rich, an end to Universal Credit, abolishing the House of Lords, promoting the Green new deal, committing Labour to no more illegal wars, putting human rights at the heart of foreign policy and more.

It is certain that a radical, class based, political response to the politics that will follow the end of the Covid 19 inspired public health crisis, is absolutely necessary. A strengthened Scottish Peoples Parliament must have a key role in that struggle.

Even before the Covid 19 crisis engulfed us, as John Foster points out in this publication, Scotland's economy was in a difficult position. Heavily externally owned, the most recent figures for Scotland's

economy show levels of capital investment lower than virtually any other region or nation within Britain. It is also, at 8 per cent of GDP, among the lowest among the advanced capitalist countries in the OECD.

External investment is now lodged overwhelmingly in the hands of investment companies whose large blocks of shares give them a commanding influence in the boardroom. These companies are driven to use this influence to maximise short-term profits over long term, so called 'patient' capital. Furthermore Scotland has an economy where almost 90% of jobs are in services like tourism, notoriously vulnerable to global economic downturns.

Only public ownership and the democratisation of the economy, control by those who work in it and receive services and goods from it, can provide a solution to this, by, for example, engineering a green re-industrialisation and ensuring the

benefits of public services of every kind to everyone. The alternative, especially in light of the Tories' certain response to debt and deficit growth, is likely to be widespread insecure work and increased unemployment with, if anything, an attack on worker's rights to ensure the possibility of profit.

This is because the Tories and their corporate backers will seek to shift the costs of the crisis, as they did in 2008, onto the backs of the workers – the same workers currently being hailed as heroes while they work with inadequate protection, a lack of testing and insufficient technical support like respirators. It would be naïve to look to the SNP Scottish government to adopt a radically different path, as David Byrne argues in his contribution to this publication. The SNP's Sustainable Growth Commission Report would have set Scotland on a path to austerity in order to meet the rules of EU membership even before the current crisis. If Scotland were to seek to re-join the EU the Scottish Government would have to put

measures in place to reduce our 7% deficit to 3% over a relatively short time period. The Sustainable Growth Commission Report actually called for even more severe fiscal controls in order to assure the financial markets of Scotland's fiscal rectitude.

The Tory and SNP response will provoke a period of intense class conflict and the Labour Party and the Scottish Labour Party must stand by the promises made by Keir Starmer to usher in a period of economic and social justice. This will involve a mass campaign against Tory and SNP austerity, inspired by a socialist agenda for socialist transformation of our economy and our society. The Scottish People's Parliament must be a central focus of that struggle, but for it to have that role, the parliament itself must be transformed.

There is little prospect of the Tory government easily allowing a Scottish Parliament to emerge that would seriously challenge capitalist development in the UK. Consequently, we will have to fight for it. That fight starts now for an equal Scotland in an equal Britain.

Scotland's Possible Futures: Austerity or Socialism

David Byrne

In 2020 Scotland is in a state of crisis. Immediately that crisis is caused by COVID-19 – a pandemic which was bound to happen sooner or later but has come along now. In a condition which can endure for long. It has to resolve by transition to another state and there are at least two and often more possible futures but one of them has come

The immediate crisis facing Scotland and the human race on this planet is the impact of the Coronavirus.

the longer term Scotland is in crisis because it is a post-industrial country in an era heading towards climate catastrophe. That word 'crisis' is very important. The term originates from classical Greek medicine and for more than 2,000 years has been used by physicians to describe the most important phase in the course of an infectious disease.

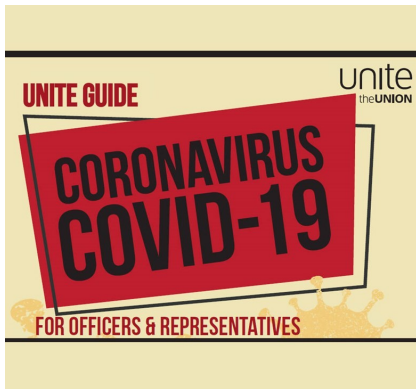
The crisis is the period when either the disease overwhelms the patient's immune system and the patient dies or the immune system overwhelms the disease and the patient lives. A state of crisis is not

into being. The immediate crisis facing Scotland and the human race On this planet is the impact of the Coronavirus.

Many people will face a crisis in the course of their infection with that disease, although for the lucky ones they won't even notice because their strong immune systems will cope well. For others - for many if the disease mutates into a more lethal form as happened with the Spanish Flu one hundred years ago – they will experience real crises. What will happen then will depend on human actions – for many whether or not they get access to

assisted ventilation in a hospital setting. It is a grim thing to say but the Coronavirus outbreak provides us with a very good illustration of just what the term “crisis” means when we apply it to a complex social system.

To do that we need to realize that the devil, as always, is in the details



and see just what the fundamental economic, fiscal and social statistics tell us about the current state of Scotland as a system.

Scotland can only move forward from where it is now and the possible futures it has have to be based on these initial starting conditions. So where is Scotland now and what futures are possible for it towards the middle of the 21st Century.

The current state of Scotland

Behind the immediate and very serious matter of a pandemic disease - the impact of which will be worse than it would have been if we had not suffered more than a decade of austerity to rescue bankers from their folly and greed with health provision cut to the bone and beyond – there is the longer term socio-economic-cultural crisis facing Scotland *and all other formerly advanced industrial nations and regions*: the consequences of an economic, political and cultural transition from being industrial societies in which a very large proportion of economic activity and employment was in production – in the UK 50 years ago nearly half - to being post-industrial societies in which the great majority of economic activity and production is in services - in the UK now more than 80% and in Scotland nearly 90%. Wales and all English regions outside London and the South East retain significant manufacturing sectors generating more than 15% of Gross Value

Added on a par with Sweden and Finland.

For Scotland the figure is 10%. In a speech to the *Economic Justice For Scotland Conference* (as reported in *The Scotsman* 23rd January 2020)

Moreover real incomes in Europe then were much less than real incomes in Europe now so labour was relatively cheap.

In the contemporary globalized economy it is difficult for any high

But future manufacturing will have to be in high value added specialist niche areas as with Whisky rather than shipbuilding ...

Nicola Sturgeon proposed that an independent Scotland could imitate 'Germany's Post-War Economic Miracle'.

To quote Captain Mannering's frequent assertion to Private Pike with a changed gender pronoun – she is living in the realms of fantasy if she thinks that. That real economic miracle was based on using massive assistance from Marshall Aid to reconstruct and retool Germany's manufacturing sector when there was very limited competition from the global South.

In the aftermath of the Second World War there was a massive deficit in industrial capital which had to be restored and Germany used Marshall Aid to do this.

income country to compete with the enormous industrial structures of upper middle income countries in Asia and the global South generally.

In those countries real labour costs are much what they were in Europe seventy years ago. Likewise there has been a very great increase in productivity across much of manufacturing exemplified by the UK car industry. Far fewer people make far more.

There is a massive path dependency in play. Scotland cannot start from where it is with its weak manufacturing base. This is not to say that development of manufacturing is not important – it is vital. But future manufacturing

will have to be in high value added specialist niche areas as with Whisky rather than shipbuilding or clothing and textiles. There is scope in relation to new and innovative areas. Computer gaming is a good example as might be bio-technologies and innovative approaches to addressing climate crisis, but mass consumer oriented production in Scotland is a thing of the past.

In fact it can be argued that Scotland suffers from the common problem of nations where there are strong financial and property sectors, although this is because it is part of the United Kingdom where London has more than 30% of its own economic activity in those sectors and 36% of the UK total for them compared with 14% of the UK population.

Fiscal imbalances

When we turn to the fiscal situation – the balance between public expenditure and taxation revenues and any consequent deficit then the situation is particularly grim.

Scotland is a relatively affluent part of the UK. It is 5th from 11 in the UK nations and regions in terms of household wealth and per capita disposable income but interestingly although it is again 5th from 11 in terms of weekly household income before housing costs, it is in third position for weekly household income after housing costs. Per capita public revenue from all taxes is £11,230, the fourth highest for nations and regions but public sector expenditure per capita is £13,682 which is the highest figure for any UK nation or region.

The fiscal deficit per capita is £2,452 which is the fourth highest figure for any UK region or nation with only the much poorer Wales and North East and North West of England having higher deficits. The three English regions with higher revenues per capita than Scotland all have surpluses of revenue over expenditure. Scotland, in consequence of some fifty years of operation of the very favourable outcome of the Barnett formula, spends substantially more than it

raises in revenue and has a fiscal deficit of 7% of Gross National Product.

Under EU rules if Scotland were to re-join the EU, measures would have to be put in place to reduce

with the objective of providing safe investments for holders of financial assets, necessarily at the expense of public services because of very considerable cuts in public expenditure. The SGC report was adopted as party policy by the SNP

The SNP's programme of an independent Scotland is a mix of massively optimistic fantasy, misrepresentation of the fiscal reality, and ...realpolitik endorsing severe austerity.

this deficit to 3% over a relatively short time period. Actually the report of the SNP's notorious *Sustainable Growth Commission* (SGC) (bizarrely sub-titled "Scotland – the new case for optimism" !) called for even more severe fiscal controls in order to placate the financial markets and establish Scotland's probity. This was a complete endorsement of the role of the government of an independent Scotland as what Streeck describes as 'the consolidation state' (2013 16) in which the priority of governments in the capitalist democracies is to restructure their public finances

at its 2019 conference.

The SGC report asserted that : Taxes raised in Scotland are sufficient at present to fund all devolved services plus welfare and pensions. This was not true if welfare is considered to describe the full scope of social security provision, a domain which is outside the remit of devolved powers with just 12% of it, mainly elements relating to disability payments, now transferred to Scottish government control. In August 2019 the then SNP Finance Secretary Derek MacKay correctly stated that : '...current tax revenues now paid for all Scotland's

devolved services, including social care.' However, what they do not pay for is the very substantial social security bill – cash benefits including state pensions – which currently stands at more than £16 Billion per annum.

The SGC report was full of assertions about how, if Scotland were to match the achievements of other European advanced states of much the same population size (including, bizarrely, the economy of the Irish Republic where low corporation tax attracts brass plate phony head offices to Dublin and GDP is 20% higher than GNP which is the real measure of what a country actually produces) then all would be well. Good luck with that in the face of a global recession and the crisis which coronavirus will cause for the global economy.

The SNP's programme of an independent Scotland is a mix of massively optimistic fantasy, misrepresentation of the fiscal reality, and – when it speaks to its business oriented masters – realpolitik endorsing severe

austerity. The SNP often asserts that the kind of welfare state which has operated in Scotland since devolution, funded to a very considerable extent by transfers from the UK as a whole, is entirely possible in an independent Scotland.

Their campaign in the independence referendum was founded around arguing that



independence would be a means to achieving this against what had happened across the UK under New Labour and then Coalition governments. In particular they presented independence as a way of reversing austerity.

This was the programme of the Radical Independence Campaign and it plainly was attractive, enabling the SNP to represent itself as a party of the Centre Left and a

key factor in its electoral triumph in 2015.

However, the SGC report showed the real nature of the SNP very plainly. For them, independence must be achieved on terms with which international finance capital is wholly comfortable. An independent Scotland on these

the UK's regions and nations. In terms of Gini coefficient after taxes and transfers with a score of 0.309 it is less unequal than London, the East of England and the South East but more unequal than Wales or any other English region. It has a lower poverty rate after taxes and transfers for poverty defined as

An independent Scotland would have been hit much harder by the collapse of RBS than even Ireland was hit by the collapse of the Irish Banks.

terms would suffer the kind of severe public service cuts, including cuts to the pay of public sector workers, which happened under EU tutelage in Latvia, Estonia and Bulgaria. Although those countries have recovered somewhat, none has reached pre 2008 levels of GDP and in Latvia, in particular, much of the population has emigrated to other EU states – shades of Ireland after 1920. What the SNP has in mind is a neo-liberal independent Scotland with worsening austerity and continuing inequality.

Scotland is not the most equal of

either 60% or 50% of median household income than Wales or any of England's midland or northern regions.

However, this is taken across the country as a whole. Geographical inequalities within Scotland are stark. Taken at the quite crude level of whole local authorities there are very considerable variations in deprivation as measured by the Scottish Index of Multiple Deprivation (SIMD). This is not just a matter of urban /rural differences. Edinburgh has just 24% of its census zones in the worst

SIMD 40%. Aberdeen City has 32%. Dundee has 58%. Glasgow City has 62%. Generally there are very high levels in areas which were the core locales of industrial Scotland. East Dunbartonshire and East Renfrewshire which contain Glasgow's prosperous out of city suburban areas have only 22% and 17% of zones in the worst 40% by SIMD in contrast to the city's 62%.

In the SNP's ideal world the Sustainability and Growth Commission Report might in normal circumstances—which are not coming back—have provided an economic base for affluent parts of the country and in particular the affluent parts of the Edinburgh region – the area covered by the South East of Scotland Land Use Plan. Even that base would have been fragile. An independent Scotland would have been hit much harder by the collapse of RBS than even Ireland was hit by the collapse of the Irish Banks. Betting an economic future on financial services was always risky. But much of the rest of the country would have been in a parlous state.

One very likely impact of the COVID-19 pandemic will be a collapse in property buying and selling activity, particularly but not exclusively commercial property. That will make things even worse. Is there an alternative? Of course – a real social democratic Scotland (either as part of the UK or as independent – the constitutional issue matters far less than the basic class politics).

The Socialist Alternative— confronting inequality and climate crisis

Corona (Covid-19) has demonstrated that when faced with a crisis, the supposed free market – actually characterized by monopoly, oligopoly and other forms of imperfect competition – cannot cope. We had this before when governments stepped in to save banks and bankers from the consequences of their speculative idiocy in 2008 but that was passed on to ordinary people – the 90% if not perhaps the remaining 9% below the 1% at the very top. The top group did quite well. Austerity was applied to slash public

spending on services whilst quantitative easing was offered to save the skins of the rich – socialism for the rich, not the mass of people.

Corona demonstrates that what is needed when faced with a crisis is a planned and ordered economy.

Scotland and Wales are in a better positions here because through

authorities. All this was part of the programme of setting up the English NHS as a happy hunting ground for private health providers paid from taxation and making massive profits if they could with the public sector always stepping in when they failed to do so – look at the experience of the railways.

In England the Corona outbreak

Socialists must address inequality but they have to do so in a context of developing climate crisis.

devolution they retain an administrative structure at a population scale which has the potential to engage with necessary coordination and Public Health has been retained as a Health Service function.

In England the abolition of the Government Offices of the Regions in 2010 got rid of an administrative structure which would have provided the basis on which coordination could have been managed. Public Health was hived off to massively underfunded local

has been met with fatuous public opinion management, instead of the coordinated effective response to what is in reality not a single national outbreak, but a series of local outbreaks which need to be managed as in China, South Korea and Taiwan, through case and contact isolation.

Corona is the immediate issue. Inequality is the ongoing, running sore. As the OECD noted in their very useful report *Under Pressure: the squeezed middle class* this is not just a matter for the poorest

40% of households. Middle income people – people living in households with an income between 80% and 200% of the median household income, have seen a substantial reduction in their incomes relative to those of the top 10% of households by income.

The ability to pass on a middle class secure standard of living to children has been severely eroded. The medium term, growing crisis is the potential of the collapse of our social world consequent on climate crisis. Socialists must address

inequality but they have to do so in a context of developing climate crisis.

And there is a way to do this for which in the UK we have an excellent historical model / precedent. That is the organization of the whole of UK society – economy and civil society – on the basis of what Devine (1988) in his excellent book called democratic planning through negotiated

coordination. As he says: ‘... a condition of working class cooperation was the sense of equality of sacrifice.’ (1988 32).

Note that his description of wartime UK planning which is sustained absolutely by the documentary and oral historical record is not one of absolute central direction but rather of one of constant negotiation and re-allocation.

The key element allocated was



directed labour but the same principles applied to other aspects of life, notably the rationing of food and fuel and the provision of the war time Emergency Health Service (designed very effectively and implanted very quickly to cope with potential massive civilian casualties from bombing and the precursor of the NHS).

In some ways the system without using the word operated according

to the principle of subsidiarity: the principle that a central authority should have a subsidiary function, performing only those tasks which cannot be performed effectively at a more immediate or local level. A key level was sub-national. Most social functions were organized on a regional level at the levels which more or less correspond to the region / nation levels in contemporary UK administration. Interestingly, the development of information technology makes this kind of coordinated and discursive

social and economic management much easier to achieve.

This is what the Labour Party was trying to do generally from 1945 to 1951 when it was stopped by a combination of the first past the post electoral system - won the only absolute majority of votes ever in Britain but lost on seats won – not least in Tory Scotland. England and Wales stayed Labour. This is what we need now. Without it we are in the words of Private Frazer in *Dad's Army* 'all doomed'.

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For a Scottish *People's* Parliament

Pauline Bryan, John Foster, Vince Mills

Introduction

The Red Paper Collective believes that if we are to rebuild our economy and social infrastructure in the wake of the Coronavirus crisis, the vicissitudes of a Tory government and the threats of the SNP's vision of a neo-liberal, independent Scotland inherent in the SNP's Growth Commission, the Scottish Parliament must become a Scottish *People's* Parliament. We use this title in a conscious effort to reflect the intentions of the motion that successfully called for its creation at the 1968 STUC.

Mick McGahey who moved the position then, offered the vision of a workers' parliament. He was concerned about increasing external control of the Scottish economy and the undemocratic imposition of investment decisions and industrial policy; he believed that a Scottish Parliament could stem rising unemployment and deliver economic

sovereignty. All of this is relevant to the contemporary crisis we face. Using the language of contemporary politics we want to emphasise, contrary to much of the Scottish Parliament's existence since 1999, that the Scottish Parliament must advance the interests of the vast majority of Scottish population – its working people - not Scotland's elite. In that sense it must be a Scottish *People's* Parliament and to be that, it must have the power to deliver for the people.

The Economic Context

Output per person, or productivity, is critical for any nation's long-term growth and well-being. And productivity is largely determined by two things: the skills and education of a nation's workforce and the quality of the equipment and other knowledge resources, including organisation, with which they have to work. Internationally Scotland's

levels of skill and education are on a par with the best. In terms of capital investment, it is among the worst. As a result the country's position in international league tables has been falling. This is before the devastating impact of Covid 19 virus is taken into account. The most recent figures show Scotland's levels of capital investment to be lower than virtually any other region or nation within Britain. It is also, at 8 per cent of GDP, among the lowest among the advanced capitalist countries in the OECD. Britain as a whole is at 12 per cent and Switzerland, Korea and Ireland are over 18 per cent¹.

This lack of investment shows up particularly in research and development (R&D) expenditure where Scotland remains near the bottom of OECD listings at 1.6 per cent of GDP. Britain's is 1.9 per cent of GDP and the OECD average is 2.4. In terms of regions and nations within Britain, Scotland spends £230 R&D per head against £778 in East of England and £421 in the West Midlands². The same differential applies to the number and type

of high growth firms. Scotland has less – and these are concentrated in services rather than manufacturing³. The combined consequences show that Scotland's export performance is dependent on just three areas, drink, processed fish and oil products, and with much less involvement by small and medium sized firms than Britain as a whole⁴. These are persistent problems and they are getting worse not better. They also seem to be closely linked to issues of external ownership and control.

Simply looking at Scottish government figures for corporate ownership, this might not seem to be a problem. The latest figures show more Scottish firms among larger manufacturing firms than at the beginning of the decade – 60 as against 55 – while both overseas and English owned firms have declined by ten each to 186 in total⁵. The real problem is that these ostensibly Scottish firms, or the great bulk of them, are not under Scottish control. Share ownership, if they are public companies, is held elsewhere and increasingly by in-

vestment companies that own large controlling blocks. Taking the list of firms provided by the 2019 Scottish Business Insider as Scotland's top firms, only ten out of the top fifty are in fact owned by shareholders in Scotland (there are somewhat more among the smaller firms in the second fifty⁶). Of these

scope for initiative and investment⁷. While this may have been the case in the past, it is certainly not now. Over the past twenty years there has been a massive shift in the character of this external investment. It is now lodged overwhelmingly in the hands of investment companies whose large

Taking the list of firms provided by the 2019 Scottish Business Insider as Scotland's top firms, only ten out of the top fifty are in fact owned by shareholders in Scotland

only four in the top 50 are in manufacturing: two in distilling, one in soft drinks and one in printing. Of the Scottish-owned firms in the top 100 almost all are in services: four are in car dealerships, four in catering, four in property and construction, three in equipment hire and one each in shipping, civil engineering and transport. Otherwise, it is just the four already mentioned in manufacturing.

It might be argued that a broad international shareholder base is a good thing and gives management

blocks of shares give them a commanding influence in the boardroom. These companies are themselves driven to use this influence to maximise short-term profit income in face of their own need, competitively with other investment companies, to attract funds from investors. As Andrew Haldane has demonstrated, the result has been a massive hike in dividend payments at the expense of investment.

Let's take just two examples of 'Scottish' companies which previ-

ously were at the forefront of investment and research in engineering: the John Wood Group and the Weir Group.

John Wood Group had grown fast during the boom in North Sea oil exploration as a family firm and had succeeded in penetrating the international market for oil field services. In 2002 it was floated on the stock exchange as a public company (a PLC). By 2016 it had three dominant shareholders: BlackRock, Deutsche Bank and FIL LLC with a combined 18 per cent. In 2017 its board decided to acquire with AMEC (Blackrock was a dominant shareholder there too). Since then, loaded with debt, John Wood plc has been shedding other divisions – and highly skilled staff

The Weir Group was a leading force in Scottish engineering throughout the twentieth century. By 2016 it had two dominant shareholders, Blackrock and FMR llc (combined holdings 16 per cent). In 2018-19 it bought ESCO Corp, a US mining equipment company, for \$1.3 bil-

lion (of which \$300m was goodwill). The dominant shareholders in ESCO were Blackrock 12.1 per cent, Rowe Price 13 and Vanguard 8.9). Weir's debt levels have increased from 34 to 48 per cent of total capital. Weir is also downsizing.

This is why the issue of ownership is so important. It highlights and



validates the proposals put forward by John McDonnell (pictured above) and the Labour Party for a state investment bank to take stakes in strategic companies. Such ownership stakes would balance and counter the short-termism of the investment companies – especially if combined with the mandatory representation of trade unions on boards – a demand that should be included Scottish Labour's Good

Work plan. Additionally, as also called for by the Labour Party, full public ownership would also seem to be necessary to salvage key manufacturing assets and redevelop regional centres of productive excellence. So equally would be the power to allocate state aid and the use of public procurement strategically for regional development.

Notionally most of these powers are already vested in the Scottish Parliament – though till now largely blocked by EU competition terms. In the current negotiations it will be vital to ensure that these essential powers for regional and national regeneration are not retained centrally at British government level but delegated.

Such demands, essential for any form of economic democracy at regional or national level are made urgent by the current crisis. Internationally the previous 2008-10 crisis resulted in two key developments: wealth concentration and ownership concentration. Assets managed by investment companies, like BlackRock, increased from

\$26T in 2009 to \$65T in 2017 (the global value of quoted stocks is \$64T⁸). At the same time, through mergers and acquisitions, corporate ownership has become far more concentrated – and with it monopolisation⁹.

Governmental responses to the current crisis mirror those of 2008-10. But they appear to be on a still bigger scale. Massive amounts of liquidity are being handed to banks at a time when levels of corporate indebtedness were, already pre-crisis, double those in 2008. If the pattern of 2008 is resumed, further concentration and monopolisation will follow¹⁰.

For Scotland, therefore, can there be any answer other than public ownership and the democratisation of economic control? If it is, the Scottish Parliament must start using powers left dormant by the Scottish government, secure control over the powers repatriated as a consequence of leaving the EU and secure the necessary new powers and do this over the next nine months. The current Westminster

government is no friend of democracy, public ownership or the trade union movement and cannot be expected to surrender such powers without a combined fight by Britain's regions and nations.

Using Dormant Powers

Achieving a Peoples' Parliament capable of the economic and social

having of the most inequitable distributions of land ownership of any country in the developed world.

Half of the country is owned by 608 owners and 18 owners own 10 per cent of Scotland. The development of cooperatives could have helped boost the rural economies providing jobs and infrastructure in undeveloped areas¹¹.

The current Westminster government is no friend of democracy, public ownership or the trade union movement

transformation described above will mean using the many powers the Scottish Parliament already has, some of which have never been fully deployed by the SNP government.

Land ownership

Land ownership is devolved. The SNP intended that one million acres of Scottish Land would be community owned by 2020. Currently, only around 600,000 acres were in community ownership by the end of 2019. The government has delayed implementing key community right to buy powers, despite Scotland

Private Finance Initiative (PFI)

Through the Private Finance Initiative (PFI) the Scottish Government has the power to raise capital for infrastructure projects. The SNP was, rightly, highly critical of PFI because it allowed an element of private equity, or shares, in the project, ensuring even more money for private sector partners. In 2008 the SNP introduced a modified form of PFI called Non Profit Distribution (NPD). In the NPD model members can only invest loans and profits are capped. However, the private sector investors continue to

make excessive profits. These schemes are not considered public spending and therefore not accounted for as such. Of course, the public sector does pay, by leasing back the building typically over 25 years and often at exorbitant rates for the capital lent to fund the project. PFI/NPD have been a disaster, saddling the public sector with debts they it can ill afford¹².

By using even the limited borrowing powers the Scottish Parliament has, the Scottish government could have bought back and refinanced the entire Scottish PFI and NPD debt – saving billions over the lifetime of the contracts that could have gone into much needed, sustainable infrastructure projects. It still can.

Homelessness and Benefits

Since 2003 Scottish Local Authorities are no longer obliged to investigate whether a person applying for emergency accommodation had become homeless 'intentionally', since 'intentional homelessness' means that the local authority does not have a legal obligation to pro-

vide accommodation for the person concerned. This change has not been brought into effect. Further, the Scottish Government has delayed taking control of devolved benefits including Personal Independence Payments till 2024. Taken together, these powers could have helped many people not only to lead a better life, but made it possible for some of them to find employment¹³. Attacking unemployment and finding work for the most vulnerable of Scottish society, must be a key task following the resolution of the Covid 19 health crisis.

The Repatriation of Powers

Now that the UK has left the EU it has regained powers over previously delegated areas such as customs, movement of EU citizens and consumer protection. Other powers being repatriated cover responsibilities that are devolved to the Scottish Parliament, such as agriculture, fisheries, public procurement and environmental standards.

The extent to which EU regulations will apply, for example on procure-

ment, very much depends on the agreement reached between the EU and the UK, an agreement almost certainly to be delayed because of the Coronavirus crisis.

As it stands The European Union (Withdrawal) Act 2018, converts existing EU law into UK law. It prevents the Scottish Parliament from

with the EU in its efforts to reach a deal.

It is important to the economic development of Scotland that it has control of these vital areas as they can be used to limit the power of large corporate enterprises and promote a more democratic economy¹⁴.

It is important to the economic development of Scotland that it has control of these vital areas

legislating contrary to this body of law. This means that the UK Parliament keeps exclusive competence over retained EU law, which would cover all areas of decision-making being repatriated from Brussels. The UK Government argues that the restriction on the Scottish Parliament's competence is temporary, however, agreement has not yet been reached on the framework for resolving the allocation of power and there is a real danger that areas of competence like fisheries could be used by the British government as part of 'trade offs'

Agriculture

It is well understood that the EU's Common Agricultural Policy, rather than supporting small farms has overwhelmingly favoured the larger more established farms. The bulk of funding still goes to farmers in Western Europe rather than the smaller, less developed farmer of the new entrants from Eastern Europe. Over years the largest UK recipients of support have been companies such as Tate & Lyle, Nestle, Kraft and a host of manufacturers of bulk animal fats, sugars and re-

fined starches. According to the Scottish Tenant Farmers Association "... the Scottish Government will have greater flexibility outside of the CAP to target support payments to avoid some of the excesses of the past, in particular to put an end to 'slipper farming' [the practice of buying up subsidy entitlements and renting out the land for agricultural use to trigger payments] and ensure that payments only go to genuinely active farmers.

There are elements of the CAP that are cumbersome and have restricted the ability of nation states to implement policy suited to their own needs, and a future policy should be able to provide the freedom to tailor that has been missing under the CAP.¹⁵

Once secured the Scottish Parliament must use this power to promote a Scottish agricultural policy that supports and encourages a range of different types of farming and protect both farmers and consumers from the large supermarket chains.

Subsidies should be used to support cooperatives and to ensure the affordability of healthy basic food products particularly fruit and vegetables. We should also open the door to imports from developing countries based on fair trade and solidarity.

Fishing

The UK Fishing sector has had an uneasy relationship with the EU since it opened up UK waters to European trawlers at a time when fishing quotas were being introduced. A study by the University of the Highlands and Islands' NAFC Marine Centre discovered that boats from other EU countries on average caught 58 per cent of the fish and shellfish landed from UK waters between 2012 and 2014¹⁶.

The withdrawal from the EU's Common Fisheries Policy will be beneficial to Scotland's fishing communities if there is change to the UK fisheries management regime. The repatriation of power gives an opportunity to question this regime root and branch. Globally there has

been a move to privatise and marketise fish stocks which in Scotland, as in the rest of the UK, has resulted in a market for the sale of quotas between those catching fish. Once the initial allocation of a catch is awarded (without charge) a secondary financial market trades these licences for quotas of fish which then take on a significant

Environmental Protection

The Labour Party's campaign body on the environment, SERA, made Brexit central to its AGM in November 2016 with a speech from Keir Starmer. He argued that "We should make the case for more progressive, more ambitious domestic environmental policy... Not to match EU standards but to go

beyond them." EU standards have been criticised in relation to the effectiveness of abatement of emissions from



market value. This scheme naturally favours the larger vessels.

The Scottish Government should work with Scottish fishing communities to develop sustainable fishing in a rational way that does not involve wastage and supports smaller fishing vessels. The encouragement of cooperatives at both fishing and processing stages would bring much needed investment and jobs into neglected communities.

cars and power plants because of corporate lobbying¹⁷. There are currently around 30,000 lobbyists at work in the heart of the EU.

The Scottish Government has failed to safeguard health under EU regulations, such as they are and cannot be trusted to do so in the future. The Scottish government should be pressed under its repatriated powers to make good Starmer's ambitions for Labour of

going beyond the limited standards of the EU by enforcing strict regulations, free from influence by big corporate polluters.

Procurement

The EU rules relating to procurement have, arguably, helped open up every possible opportunity for competition.

In 2014 the SNP resisted Labour's moves to make payment of the living wage a requirement of public sector procurement and to ban companies who engage in black-listing or aggressive tax avoidance from receiving public money. The SNP government refused arguing that the EU's internal market commissioner had advised them that Labour's policy was "unlikely" to be possible. The then Deputy First Minister, Nicola Sturgeon stated that "I want to ensure we abide by the law and that we don't put our public bodies at that risk of being taken to court."

Controlling our own procurement rules will, for example, give more scope for state aid to cooperatives,

publicly owned enterprises and Scottish based businesses. Labour must make this a priority.

The Scottish Government should seek to cooperate with the other devolved administrations and local authorities in England to identify common areas of interest across these repatriated powers. This should be bottom up, not top down as the UK Government would prefer.

The New Powers We Need

In addition to the powers already described we believe a People's Parliament needs new powers if it is address the current economic crisis and advance the interests of Scotland' working class.

Borrowing Powers

Since 2016 the Scottish Parliament has the power to borrow for 'resource' purposes. Annually it can borrow up to £600 million for the following specific reasons:

- up to £500 million for in-year cash management
- up to £300 million for forecast

error of devolved taxes, welfare spending and the block grant

- up to £600 million to manage Scotland-specific economic shocks

Resource funding includes areas like salaries, grants, public services and administration. The borrowing powers are expected to be used to deal with unforeseen shortfalls, for example in tax receipts - not to increase spending on public services.

Currently Scotland has an annual capital borrowing limit of £450 million and total (accumulated) capital borrowing limit of £3 billion. Capital is of critical importance since it is about spending is on assets like infrastructure or buildings¹⁸.

As noted earlier, whereas the Scottish Parliament could have used these powers more effectively, they are insufficient for the task of transforming the Scottish economy. This would have been the case even without the current crisis, but the impact of the Covid 19 outbreak on the UK and Scottish economy means existing borrowing powers are entirely inadequate to the re-

building, re-fitting and reskilling required to construct a new high tech, Green Economy to replace that devastated by the financialisation and austerity described in the section on economic context and now the Covid 19 assault.



By way of comparison to what is required for real change and what is available, the Scottish Labour manifesto of 2019 promised a £250 billion UK Social Transformation Fund over ten years which would have channelled around £25 billion to Scotland on the assumption that Scotland would receive 10 per cent of the UK fund.

A serious attempt to address the existing crisis and build a socialist future would mean an end to the limits on resource and capital borrowing of the Scottish Parliament allowing it to borrow and issue

bonds for both resource and capital spending without any restriction.

The kind of funding that Labour identifies is necessary, if we are serious about transforming our economy, especially when faced with a crisis as severe as the Covid 19 virus presents. As Mazzucato argues, what she terms the 'public sector' needs to take an active role in shaping and creating market sectors such as the Internet, biotechnology, nanotechnology and the emerging green economy¹⁹.

As she demonstrates there is no prospect of the private enterprises investing until such sectors are demonstrated as viable. Further, the alternative that is often mooted of supporting entrepreneurial start ups in the 'new' sectors suffers from the predatory behaviour of large corporates, especially in health related areas, which simply buy up successful enterprises that have often been heavily subsidised by public sector agencies like Universities and Scottish Enterprise.

Employment Law

We also need powers on employment law and industrial relations to ensure greater protection for workers and making payment of the real living wage, labour standards, and trade union rights, requirements in public procurement.

The Labour movement has been sceptical of this because it is always possible that the Scottish government could legislate for weaker trade union rights, starting a race to the bottom. However this could be addressed by allowing the Scottish Parliament to legislate on employment law as long as the legislation improves rights in favour of workers as compared to the existing UK norms and does not weaken them.

It would require the mobilisation of Labour movement in Scotland to ensure new Scottish legislation is progressive, given the neo-liberal convictions of the SNP but the Scottish Parliament could be won to reverse the anti-trade union legislation that has shackled the trade union movement in the UK since

the 1980s. Such a parliament would pose a significant challenge to Tory free market ideology and the 'level playing field' rules of the EU that the Tories may accept in order to conclude their Free Trade Agreement with the EU.

Therefore, achieving it will require a powerful campaign backed by the unions and the wider community.

dockers, Durham miners and Sheffield engineers than they have ever had with Scottish barons and landlord traitors.²⁰

Such a People's Parliament could also function as a model for workers in the regions of England who would benefit too from increased economic democracy at a regional level. Ultimately such reform re-

quires a Federal settlement at UK level, but these are some of steps that the Labour movement in Scotland should begin to campaign on for immediate implementation so that we have a Parliament in Scotland capable of responding to Covid 19 and the austerity agendas of the

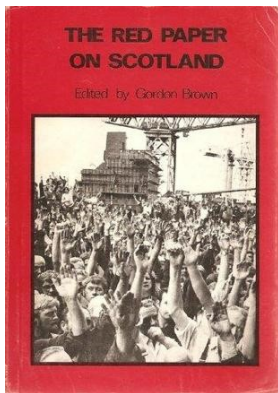


Furthermore it is a campaign that requires the support and solidarity of the Labour movement across the UK. For as Mick McGahey said in his 1968 speech "... Scottish workers have more in common with London

Tories and the SNP.

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The Red Paper Collective is made up of a group of activists: trade unionists, academics, politicians. Our purpose is to provide a Labour Movement alternative to the sterile nationalist versus unionist debate around the referendum. We are more interested in the politics of class than the politics of nationalism, in social and economic change rather than constitutional change. Through publications and debates we are looking at where power really lies – and how it can be put in the hands of working people. Read more at red-paper.net



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