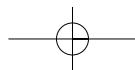
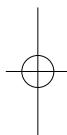
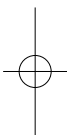


Red Paper on Scotland

Research Collections @ Glasgow Caledonian University



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Published by Research Collections @ Glasgow Caledonian University

2005

Printed by Clydeside Press
Glasgow

ISBN 1-903661-86-2

With thanks to Caroline Tuff

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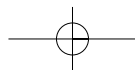
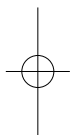
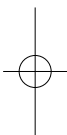
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Introduction

The Socialist Challenge

This year is the 30th anniversary of the publication of the Red Paper on Scotland, edited by Gordon Brown and published by Edinburgh University Student Press in 1975.

It was written when Brown was a 24 year-old student Rector of Edinburgh University and exudes a confidence in the inevitability of socialism that is today almost shocking given the retreat that socialism has experienced and Brown's own determined role in forcing that retreat in the British Labour Party.

That is, of course, not to deny the importance of the publication in its day, in particular its role in establishing the centrality of devolution in Labour Movement thinking. Uniquely, the Red Paper also brought together a wide range of socialist activists and academics from different and sometimes, contradictory positions, all committed to building a Scotland of social justice in the face of the ravages that 20th century capitalism was visiting on large tracts of Scotland then, just as its historical legacy and attendant neo-liberal ideology does now.

Nor were all the original contributors as faithless as Brown when faced with challenges to socialist ideology. In the 1975 publication John Foster contributed a seminal essay on capitalism and its relationship with Scottish nationhood. He remains as committed today to the call he made then for democratic control of the Scottish economy by its people. It was John Foster who suggested the possibility

of this anniversary publication and who therefore deserves the credit for its appearance.

This Red Paper mimics the original in that it has assembled socialists from across the spectrum of radical thought – Communist Party, Green Party, Labour Party, Socialist Party and, of course, those from no Party at all. Unlike the original, I will not preview the contributions; contemporary readers do not need such guidance. I would only ask that readers use this publication as it was intended – as a source of information that can be used to expose the lies of 21st century neo-liberalism with its policy of war against the poor at home and abroad, as well as a source of alternative ideas that will help us all build the better world envisioned in the Scottish socialist tradition embodied in the 1975 publication and the centuries of struggle that came before it.

Vince Mills
Editor

Our Politics

New Labour Nationalism

Vince Mills

"The irresistible march of recent events places Scotland today at a turning – not of our own choosing but where a choice must sooner or later be made".

This is the opening sentence of Gordon Brown contribution to the original Red Paper (1975). And if that looks as if it could have been written yesterday, consider the sentence which follows soon after. Attacking the failure to address the real issues facing Scotland Brown describes these as: "our unstable economy and unacceptable level of unemployment, chronic inequalities of wealth and power and inadequate social services." The following chapters chronicle precisely the same story.

In the thirty year gap, since Brown penned these words, the destruction of our manufacturing base, the attack on union rights, the withering of union membership, the undermining of the welfare state and the insistence of the primacy of private capital over public control has meant that the Scottish predicament is in many ways worse now than it was in 1975. Ironically it is Brown himself who has been the ideological mainstay in New Labour's refurbishment of Thatcherite neo-liberalism.

If you are looking for prescience in Brown's 1975 essay, you will not find it. There is no hint of his increasing obsession with electoralism, at the expense of his socialism and perhaps more worrying, for those who see him as Labour Leader with

heavy weight intellectual pretensions, there is no insight into the economic and political forces that were about to wash over the British and world economy, destroying the prospects for the reformist programme outlined by Brown in his essay. In particular there is no awareness of the increasing US influence (see Clark 2001) that undermined the Labour government's commitment to public services and led ultimately to the 'winter of discontent'.

The historical paths of these two developments – Brown's abandoning of socialism and the rise of neo-liberal ideas in Britain – and the New Labour project are intertwined.

Brown's Journey Right

Brown's journey to the Right began at least as early as in the 1980s, (see Hassan 2004) when he distanced himself from the Left's opposition to Benn's exclusion from the shadow Cabinet. He was already won to the argument that Labour needed to be made more acceptable as an electoral force.

This hardened into complete support for Kinnock and his revisionist project. In Brown's and Cook's essay *Scotland: The Real Divide* (1983) a powerful exposé of inequality in Scotland, there is not a single mention of socialism. By 1989, he was prefiguring the language of New Labour, arguing in *Where There is Greed* (1989) that "efficiency and fairness depend on each other."

The essence of the New Labour strategy designed by Brown and Blair was to disguise Thatcher's ugly neo-liberal project with a coat of social intervention, for example, the New Deal and tax credits.

This intervention functioned in three ways. It allowed those genuinely concerned with the brutality of the Thatcher years to believe that the victims of capitalism were being helped. It is worth remembering that the adverts for the New Deal tended to go out when most of Middle Britain could see them, not on daytime TV or the wee, small-hour slots when many unemployed people were watching.

More importantly, Brown's strategy was to shoehorn people into jobs that were low-paid, low-skilled, flexible and vulnerable, whether they liked it or not. Here is Brown in 1998, launching a New Deal scheme in Tayside, Scotland. "From now on in Britain, young people will have new opportunities and a new contribution they can make under the New Deal ... Rights go hand in hand with responsibilities and for young people offered new responsibilities from today there will be no option

of simply staying at home on full benefit doing nothing.”

Thirdly, Brown wanted to attack universal benefits. The children’s tax credit and the working family tax, hailed as progressive measures, are “targeted”. They are part of a shift away from universal welfare towards an increase in means testing that includes incapacity and widow’s benefits, pensions and legal aid.

Furthermore, like the New Deal, they function as a way of supporting workers to take jobs with poor pay, helping the transition to the low-wage, flexible economy that is the reality of employment in Britain today.

Rights and Responsibilities

The rights and responsibilities mantra signifies a shift from the state as a provider, to the state as an enabler for individuals to ‘compete’ in a global market place. The government will support workers in their task of getting skilled up – hence the massive emphasis on education and lifelong learning. The responsibility side of the equation means that no-one – not even the partners of carers it seems – is exempt from contributing to the economy, if deemed eligible to do so by the Department for Work and Pensions. Indeed welfare itself has ceased to be universal and instead is now used to help fit workers into the new economic environment driven by global capitalism.

This marketising of the individual in relation to employment opportunities was mirrored by the general marketisation of society that you might expect as part of neo-liberalism. Here, New Labour tended to simply replicate Tory strategy, with the major departure of granting the Bank of England the freedom from democratic accountability that finance capital has used to fuel the credit driven growth which threatens to drown a vast number of ordinary workers in debt. PFI was made-over as PPP, but it remained a way of leveraging the private sector into public projects. Much of the infrastructural improvements in education were achieved through PFI/PPP and growth in Higher Education by making students pay through top-up or deferred fees in Scotland and of course introducing a market in England and Wales as a consequence.

Under Blair and Brown, even more explicitly than under Thatcher, we have been told that market mechanisms could deliver the public good and that we must be pragmatic about it: ‘What works is what is right’. The evidence for this is hard to find. There is now universal disapproval of the privatised railways with no sign that New Labour intends to go to a publicly owned solution that ‘works’.

Of course an increased role for the state requires increased resources. Under Blair and Brown the UK has refused to increase taxation and its capacity, therefore, to make increased spending that matches its European partners, as opposed to its own historic low levels, is extremely limited.

Instead, for example through foundation hospitals, the market mechanism is expected to drive inefficiencies out of the system, despite the demonstrable failure, indeed perverse consequences, of just that strategy in the railway industry.

The War

We could continue in much the same vein to explore the changes favouring capital, but presented as progress, in pensions, or union rights, or the minimum wage, but it is to New Labour's biggest lie and biggest error that we must turn: war as an instrument of international policy.

None of the domestic policies pursued by New Labour necessarily forced them into the close alliance with the U.S. which has led Britain into supporting a string of interventions, the most disastrous of which is undoubtedly the invasion and occupation of Iraq. It has to be said here that at best Brown has been reluctantly complicit, but given his role as chief paymaster of the armed forces, the reluctance has been very hard to identify.

As Alan Mackinnon (2004) points out in his pamphlet *Why Blair Supports Bush's War*, Blair's backing for Bush is almost certainly economic in origin and an integral part of his and New Labour's marriage to corporate capital: much of the banking and finance sector in the UK is now owned by US interests.

And then of course we have to consider the issue of oil. Britain can still boast two of the world's largest transnational oil companies in BP-Amoco and Shell, but it no longer has the imperial armies and military might to defend their interests. That job has been undertaken by the U.S.

It was clear before the war in Iraq that the US would only invite to the table of the victors, those who had taken part in bloodshed. Russia and France, for example, were not going to be welcome. But Britain, by dint of its enthusiastic support, without UN backing and of course with no consideration of the human cost at all, made sure of its place. And so it was the U.K. went to war again in the interests

of global capital and greed. And now the Middle East is on fire. Thousands are dead and many more will die. Ironically the war against terrorism allegedly fought to make Britain safer, has instead brought savage terrorist attacks to the streets of London.

Is there a Scottish Solution?

If the Left were simply to accept that top down revolution which begun in the seventies and continues today through Blair, has been victorious, if we were to accept that there is no more to be done in the party formed by the British working class, in which of course the Scottish Labour Party through the ILP had such an important role to play, if we were to accept that, then we would be handing an enormous victory to neo-liberalism and its champions in Britain and the US.

We have to acknowledge that at the moment neither, in the Labour Party, nor in the wider Labour movement, has there been sufficient growth on the Left to deal a body blow to this Right wing onslaught, although in all of the recent Labour conferences at UK and Scottish level there is a gradual regaining of ground. It is now the case that much of the policy of the Labour Party is not the policy of the Labour government. Taking the Scottish Labour Party and movement back to its radical origins remains the Scottish Labour Left's first priority.

Perhaps some sense of the scale of the task has encouraged some on the Left to look at another way of mobilising support – to appeal to the nation rather than the class. Already during the last two decades – in the eighties and nineties – there have been extravagant claims made about the capacity of what effectively was a nationalist mobilisation to make desirable social change. That includes not only the left of the SNP, but the Labour Campaign for a Scottish Assembly in the eighties and Scottish Labour Action and Scotland United in the Nineties.

This time it is the belief that Blairism, like its mother Thatcherism, is impervious to attack from the depleted ranks of the trade unions and the Labour Party constituency activists and there are calls for an all party convention to mobilise support for independence.

Regardless of its prospects of success, there are four reasons of escalating importance for socialists to avoid another trip down this particular political, blind alley. The first is simply that there is no evidence that the Scottish population or the Scottish working class, want independence. McCrone and Patterson's (2002) survey of support for

independence by class, gender and age shows that in 2000, the highest support for independence was among the professional class, 'top' of the pile at 43%, skilled manual are second with 39%, unskilled manual workers, 'bottom' of the pile, offer the second lowest support with 27%. The lowest level of support, 22%, is to be found among the intermediate strata of workers, immediately 'beneath' professionals, but non-manual. Note that there is no majority in any group for independence. This means that support for independence cannot be assumed. It has to be won and this presents some serious difficulties in terms of the ideological nature of that mobilisation.

In and of itself, lack of support for a political direction may not be enough to warrant its dismissal – what hope for socialism on that basis? But it is precisely because the pursuit of nationalism will damage the building of socialist ideas that socialist participation in such a convention is counter-productive.

There is also the diversionary effect of such activity to be considered. In a 1981 pamphlet published by the Labour Campaign for a Scottish Assembly, George Foulkes MP confidently pronounced: "... there is an inherent socialist bias in devolution – favouring high taxation, public spending and public intervention in the economy ... If we had our assembly now ... there would be no Tenants Rights Act selling off the valuable stock of council housing, no Criminal Justice Act undermining Civil liberties and the education act would not be eroding the school meals and milk services..."

Leaving aside the temptation to comment on George Foulkes' role in bringing about the very things he promised an Assembly would defend us from, what was problematic then and now about Foulkes's arguments? It is this; throughout the eighties as the Left in the Labour Party fought hard for local government counter-attacks on Tory cuts, against the Poll Tax, and so on, the twin promise of a Labour victory and a Scottish Assembly were offered as an alternative project to class politics – the aggressive attack on social inequality in all its forms of which social class remains the most significant determinant.

Socialists in the Labour Party and other socialist parties who support a nationalist perspective argue that their Left wing campaigns will go on unabated despite participation in the convention. Even if this is the case, the Left is only one part of the proposed convention. If an independence convention is to work, it has to offer a political space amenable to all participants, not just to its socialist minority. The position argued by other parties especially the SNP, which is doing its best to pose as the Scottish party of low taxes and entrepreneurialship, have as much chance of becoming dominant in that milieu as any other group.

As Alex Neil has put it:

“So the challenge for nationalists isn’t just to persuade many more people of the case for Independence but to get them to realise that it should be their number one priority. We must get them to realise that without Independence Scotland will not be able to fully realise her potential. But to achieve Independence they have to vote for it!”

Once again the necessity of electoral politics and the insistence on the primacy of nation over class are being set as priorities. And this leads to a third and fundamental concern about the emergence of a nationalist coalition. What would be the basis of mobilising a majority of Scots for independence?

Eric Hobsbawm (1990), if I can put his ideas somewhat crudely, identifies three categories of nationalism: the nation building of the western bourgeoisies in the 18th and 19th centuries; the anti colonial national liberation struggles of the early to mid twentieth century and finally, what he describes as the separatist nationalism of the late 20th century.

When you consider the character of mobilisation required for national separatist movements, it involves, of necessity, a sense of coherence or identity which distinguishes it from the larger unit. In Quebec and Catalonia and the Basque country it is largely, but not solely, based on language. What would it be in Scotland? Well there is no-one now on the Left who would accept that Scotland was oppressed by England. But if it is accepted that creation of a national identity is a sine qua non of a nationalist movement, and given the complexities and contradictions of the Scottish Peoples, then the definition of what it is to be Scottish has to come in contradistinction to what we are not – English.

Of course it will be argued that a movement which is dominated by progressive forces would never allow such regressive politics to emerge. This argument, which in any case over states the progressive content of the independence movement in Scotland, ignores the very obvious point that once a movement based on nationalist aspiration gets going, its progressive elements can easily be dispensed with (what was the role of the Irish Citizen Army in the Free State?) and that even progressive leaderships are not free of their own cultural bias. Myrna Cunningham a Miskito Indian and once a member of the Nicaraguan government, herself a Sandinista revolutionary, said of her Party, when still in power: ‘The pacific coast culture dominated Nicaragua and they (the Sandinistas) tried to assimilate us into the Pacific people.

The Contras used this as a strategy to recruit Creoles and Indians...'

The emergence of chauvinism and worse still, racism, are real risks that accompany any nationalist movement. Undoubtedly the left of the proposed convention will do all in its power to resist that, but in certain conditions – economic downturn, tabloid inspired asylum phobia, and with the weak social base of the Left, that power is limited indeed.

Whatever the internationalist aspirations injected by its Left wing adherents in building for a national movement, the proposed convention for independence will be in serious danger of exaggerating the differences we have with the English working class. And this is happening at a time when Britain's Globalist alliance with the US is under real threat from an UK wide anti war movement.

Beneath the heady rhetoric of those arguing for a nationalist route to socialist emancipation there is no specific definition of what the immediate benefits of independence are for working people and why, therefore, they might be won to support such a position. Yet we have had our own parliament in Scotland since 1999. Two years after its inception Elaine Smith MSP speaking at the Scottish Left Review rally at the STUC commented:

"... this Parliament and Executive will not be judged on the quantity of legislation passed. Neither will it be judged on its commitment to openness and transparency.

It will be judged by delivery on social justice; encompassing the eradication of poverty, the right to a good affordable rented home, the quality of the state educational provision, the performance of the NHS, and in the way we treat our older citizens. The Parliament will begin to prove its worth when we see the shrinking of the gap between rich and poor. When we no longer see an underclass, forced to sleep on the streets with their begging bowls in front of them. When we no longer see women serving prison sentences for the non-payment of TV licences. When people are no longer suffering on Hospital waiting lists. When we no longer see crimes of poverty because poverty has indeed been eradicated."

So here is the obvious question: if we have been unable to achieve the changes outlined by Elaine Smith through a Scottish Parliament why should we risk the dangers posed by an independence campaign when we cannot even exploit the

opportunities for social progress already available? Is it not the case that posing the abstraction of an Independent Scotland obscures our failures in winning people to concrete socialist ideas and solutions in the here and now through institutions already within our grasp? That is not to say that we may need more powers for the parliament to achieve a progressive settlement for Scotland. The issue is, what drives the need for wider ranging powers, not the need for more autonomy in itself.

So what should we be arguing for in terms of an alternative? What kind of Scotland do we want to see?

A Socialist Alternative

Gordon Brown was right when he wrote 30 years ago that 'a choice must sooner or later be made'. The choice is either to accept the dehumanising effect of Global capitalism eating into every aspect of our lives or to remain patient and resolute and committed to class politics certain in the knowledge that international socialism remains the only hope for peace and plenty in a strife torn world.

European Union

The undemocratic structures of the European Union and its political drive to and defence of neo-liberalism are damaging millions of Europeans. Socialist and social democratic groups and parties must work towards the democratisation of the EU and its structures or to its replacement by institutions which help rather than hinder social progress.

There can be no further integration of Britain into the EU or the Euro until the issue of democratic control has been resolved.

Democratic Economy

No one will deny that the private sector led economy is failing the people of Scotland. Time and again corporate capital grows fat on public subsidy, repatriates its profits and then abandons Scotland making a desert of the local community whose loyalty and hard work filled the bank accounts of the unaccountable and invisible shareholders.

We must argue for a democratic economy and society which provides diversity, choice and high quality goods and services. These can be delivered by forms of

social ownership, which are based on democratic ownership including co-operatives and democratic mutual organisations. However, economic transformation will not be possible without state intervention and public ownership. Whether based on a large national enterprise like transport or a small co-operative, the users and the producers of goods and services must have real democratic control within the regulations laid down by wider society with regard to social justice and the environment. There must be a fully independent trade union movement whose collective rights should be enshrined in a positive framework of legislation and who should be seen as partners in constructing a better society.

Democratic Local Government

We also believe that local government can have a leading role in co-ordinating local economic and social activity as well as delivering local services. This requires much greater levels of democratic control and participation by local communities in the activities of local authorities. It also means a democratic Labour Party where new ideas can be incubated and nourished, not ignored and discarded by an arrogant leadership.

The Scottish Parliament

The powers of the Scottish Parliament are much too limited to deliver reforms which will impact on the lives of the majority of Scots. The Delegated Expenditure Limit should be replaced by full financial autonomy. This would mean that the tax varying powers which mean a rise or decrease of 3% on the basic rate, (as opposed to the higher rate) would make way for the possibility of introducing progressive taxation.

The current voting system almost guarantees a centrist coalition government and is designed to keep smaller parties peripheral. A radical alternative must be sought. The Scottish Parliament must become a radical parliament, as part of the wider process of social change.

A Socialist Society

As socialists we are only too aware that our world is changing rapidly – biotechnology, artificial intelligence, information and communication technologies are revolutionising the way we live. But technologies in and of themselves are neutral in their social impact. How they change our lives will be determined by the extent to which socialists and other progressive forces control the implementation of those technologies.

The alternative is that technological change will be driven by the policy of profit before people. New Labour's 'modernising' could drag us back to a society where some communities and individuals are condemned to Victorian levels of social inequality with poverty and ill health exacerbated by the new inequalities of lack of access to information in the so-called 'information age'.

Scottish Parliament must initiate innovative programmes based on redistribution of wealth that address the needs of Scotland's most vulnerable communities and individuals.

We need to use taxes, even the limited taxes available to the Scottish Parliament, to help attack inequality through measures for economic investment and regeneration like those suggested above, as well as to provide better services.

In *Socialism Past and Future* (1992) the U.S socialist Michael Harrington wrote:

"I think we are living through a "slow apocalypse", a transition to a new civilisation that could occur before we are even aware of it. If that revolution, which is in progress, makes us, we will lose ourselves; if we make it, there is at least hope for freedom and justice and solidarity.

It is our responsibility to ourselves, our families and our communities that the transition we make is to a world of Social Justice."

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The Potential of the Scottish Parliament

Elaine Smith MSP

1975; and Thereabouts

Charlie's Angels: TV Series; The Sex Discrimination Act; Referendum on EEC; Launch of audio cassette threatens record sales; Canonisation of Saint Oliver Plunkett; Tony Christie; Joel Barnett, Chief Secretary to the Treasury; The Red Paper on Scotland.

I started high school in the year that the Red Paper on Scotland, edited by a young socialist, Gordon Brown, was published. The second of its kind, the paper was proposed as a left forum for expression; following on from the previous success of the paper on Education edited by Bob Cuddihy in 1970.

Gordon's paper dealt with the socialist challenge in Scotland. Set against the milieu of Thatcher's recent 'snatching' of free school milk, a referendum 'yes' vote on membership of the EEC, the recent victory by UCS "not just for the workers but for the whole Scottish community"¹; and the "diffuse feeling of dissatisfaction [and] powerlessness at the we/they relationship" identified by Kilbrandon², it comes as no surprise that a theme of nationalism/devolution permeates most of the paper's contributions.

1974 had seen Harold Wilson over-rule Willie Ross³ and Labour's Scottish Executive to pledge Labour's support for devolution in a move viewed by many as a ploy to put the SNP on the back foot and avert independence. Labour retained the majority of the Scottish Westminster seats in the 1974 election and, despite attracting 30% of the vote, the SNP only managed to achieve 11 seats.

On the face of it, a devolved government in Scotland must have felt within striking distance in 1975.

A Wee While Later

As we now know, by 1979 dreams of devolution were as dead as the proverbial Dodo following the English revolt which saw the original bill of 1977 altered to include a required referendum – bound by the bizarre requirement of a minimum 40% ‘Yes’ vote from the entire electorate. A ‘Yes’ vote was of course achieved – but failed to meet the 40% criteria. The dire repercussions of this period in Labour history are now all too evident: the Labour Government fell on a vote of no confidence proposed by the Tories, aided and abetted by the SNP, and so began the tyranny of the Thatcher years.

Ironically however, it was these same years and the suffering experienced at the hands of Margaret Thatcher’s radical right wing agenda; particularly Scotland’s role as guinea pig for the reviled poll tax, which undoubtedly provided the impetus for the overwhelming support for the Parliament in the 1997 referendum.

In 1992 the Labour Party elected a new leader to replace Neil Kinnock. John Smith, a Scottish lawyer and MP for Monklands East, had been a long-time champion of Scottish devolution. Frustrated by the ‘no’ vote in the referendum of 1979 and the defeat of his party in the general election of the same year, devolution then became his ‘unfinished business’. Sadly, as we know, John died in office of a heart attack in 1994 and never saw his dream realised – somewhat poignant then that the fifth anniversary of his death fell on the day the Parliament met for the first time.

Things Can Only Get Better?

On 1st May 1997 the Labour Party became the Government and, under their new leader Tony Blair, addressed John Smith’s “unfinished business” by delivering a Scottish Parliament; “reconvened”⁴ after 300 years and democratically elected for the first time.

Unlike 1979, the referendum this time was held before the relevant devolution bill was introduced into Parliament, rather than after it had been enacted. This was said to ensure that devolution was the expressed will of the people of Scotland and not simply a government policy – although there were those who saw it as a ploy to stop the process in its tracks. Despite such machinations, the referendum, held on

11 September 1997, produced clear majorities for the two propositions about the creation of a Scottish Parliament and its having certain tax-varying powers. The former attracted an overall vote of 74.3%, the latter 63.5% with a turnout of just over 60%.

There Shall be a Scottish Parliament

The Scotland Bill was introduced in Parliament in January 1998 and became law in November that year. The first elections were held on 6th May 1999, with Labour as the biggest party, but choosing to enter coalition with the Liberal Democrats rather than run a minority government.

It doesn't seem possible that anyone involved with drawing up the Scotland Act seriously believed that it was an end in itself and would not change and evolve with time, experience and circumstances. Indeed, Donald Dewar, the architect of the legislation and the original First Minister accepted that it was a process.

One of the fundamental questions around any discussion of the Scottish Parliament is whether the present balance of power between Scotland and Westminster; or for that matter, Scotland and Europe, is the right balance to enable the Parliament to bring about the required changes.

Donald Dewar said:

"Let us not underestimate the scope and range of powers available to this Parliament. There will be exceptional and limited circumstances where it is sensible and proper that the Westminster Parliament legislates in devolved areas of responsibility. But that can only happen with the consent of this Parliament and consent given after due process. But day in day out, it is here that the law of the land will be shaped and laid down. This Parliament is in charge of a wide sweep of domestic policy touching on the lives of every man, woman and child in this land. This is fundamental, radical change. This is a Parliament."⁵

One primary power, bestowed specifically by the people in the referendum, is that of tax-varying powers. The Scottish Executive has promised not to use these powers in the foreseeable future. However, it may be that they have to be considered when the Barnett Formula⁶ reduces Scotland's allocation, or if we have a change of Government at Westminster. In any case, a Scottish Parliament depend-

ent on the bulk of its funding from Westminster, is likely at some point in the future, to rebel against that.

Clearly, devolving powers to a Scottish Parliament over domestic affairs was not designed to encourage Scotland to pander to parochialism or indulge in collective navel gazing and the Parliament has made real attempts to embrace an Internationalist agenda. Scotland has always been an outward looking country, with close links to the continent of Europe and Internationalism has been, and always will be, an essential characteristic of the Scottish Labour and Trade Union movement.

Many of those who were against the Scottish Parliament believed that it would be the slippery slope to Independence. Many of those who supported it believed that it would put to bed all notions of Independence. The majority however, expected our own Parliament to be powerful enough to deliver distinct Scottish policies to meet and address our needs and problems; making a real difference to the lives of ordinary Scots and providing a vital barrier against any future Westminster Government who might try to impose unwanted domestic policies. Many also hoped that our own Parliament would deliver law and policy according to a broadly left-wing agenda. The question is, of course, has it? And if not, does it have the potential to?

All Together Now

In the 6 years that the Parliament has been in existence it has had three First Ministers. Donald Dewar died in office, Henry McLeish resigned in ignominy and Jack McConnell has been in post since 2001. Henry certainly tried to do things differently from Westminster; indeed, some would speculate that this was the real cause of his downfall. Jack, on the other hand, has tried to look as if Scotland is doing things differently, whilst keeping a very keen eye on London and what the leadership expects of him.

The Scottish Parliamentary Labour Party itself is far from being a hot bed of radical socialists. The reasons for this are varied, but are partly due to the selection processes prior to 1999, which saw many known left-wingers debarred from standing (and some of those who did get through abandoning their previous commitment to socialism). Added to this, the fact that the small numbers mean that toeing the line could reasonably result in a payroll job and that 'loyalty' to colleagues is of a premium above all else under the current leadership.

Since 1999, the Scottish Executive has been made up of a coalition between Labour and the Liberals. This generally means that the Scottish Executive can force through its legislation without having to worry too much about persuasion via debate and discourse. As long as the whips ensure a turnout to vote for the Executive, then debates can be dull and along strict party lines; with the result normally a foregone conclusion. That, of course, was not the vision that many Scots held for the new politics in Scotland. Indeed, it would have been possible for Labour to run a minority government. The case for this was argued by John McAllion⁷ and I in 1999 and again, by me, in 2003. Coalition is the easier route in that it guarantees Ministerial positions and generally allows policies to be barged through.

It can't be denied however, that coalition politics has resulted in some differences between London and Edinburgh. The unusual voting system has resulted in more varied party and independent representation, which when added to the small majority that the Scottish Executive hold, has resulted in some interesting debates and votes on occasion.

Some policy differences to those at Westminster have evolved over the years, such as the abolition of up-front tuition fees; introduction of free personal care and bus travel for the elderly; homelessness legislation; and resistance towards Foundation Hospitals. Private members bills can also be a way of doing things differently or leading the way and over the years these have included ending poindings and warrant sales, abolishing fox hunting and my own Breastfeeding Act. The rules though, have recently been changed making it more difficult to gain the required support for a members' bill.

The Here and Now

The second term of the Scottish Parliament following the election on 1st May 2003, saw the Lib Lab coalition set out its stall for government; focusing initially on tackling anti-social behaviour and firmly establishing economic growth as the number one priority. These are certainly issues that need to be addressed, but for socialists and indeed for a party that still claims to be on the left of the political spectrum, they must be viewed as disappointing priorities for the second term. Economic growth should rightfully be a priority, as long as it is married to socialist objectives such as redistribution and improved public services.

The general approach of the coalition, I think, can be seen in the microcosm of the

anti-social behaviour legislation. The communities that need help and suffer the most from anti social behaviour are also those which are most likely to be hampered by poverty and inequality and the associated social problems these bring. There was little mention of poverty and inequality throughout the process of this legislation and the section on the causes of anti-social behaviour in the consultation paper did not mention these factors at all. Instead what it did was to identify the symptoms and try to eliminate them without making any attempt to diagnose and cure the underlying causes.

Until it is recognised that the rich are getting richer at the expense of the poor getting poorer and real, pro-active steps are taken to change the economy and the distribution of wealth and power, then we merely put sticking plasters on broken limbs. There needs to be an over-arching strategy and ideology for Executive initiatives to work and achieve social justice in Scotland.

It's the Economy, Stupid

Economic growth is certainly important to Scotland's future, but the questions must be asked as to what we intend to do with greater wealth. The answer, of course, should be that growth will be accompanied by increasing democratic control of the economy to make sure that the economic benefits are for the many and not the few entrepreneurs – Scottish or otherwise – who seem to be so important to the New Labour Leadership, whether in London or Edinburgh.

Unfortunately, there seems to now be a view amongst the Scottish Parliamentary Labour Party that mirrors the traditional Tory view that, by concentrating on Economic Growth, state intervention can be reduced on the assumption that creating a "bigger cake" will benefit everyone. Clearly, that is not the case. Identifying the root causes of poverty, inequality and deprivation, and finding real and lasting solutions to that, should be the number one priority for the Executive and the Scottish Parliament. So what have the Scottish Executive done within the framework of growing the economy?

Scottish Parliament plc

In a 1981 pamphlet published by the Labour Campaign for a Scottish Assembly, George Foulkes MP confidently pronounced:

"... there is an inherent socialist bias in devolution – favouring high taxation,

public spending and public intervention in the economy ...”

“If we had our assembly now ... there would be no Tenants Rights Act selling off the valuable stock of council housing, no Criminal Justice Act undermining Civil liberties and the education act would not be eroding the school meals and milk services...”

George’s pronouncement no doubt reflected a widely held view of what devolution would mean for Scotland. However, the reality is, of course, very different. The Scottish Parliament’s tax varying powers have never been used; partly, I suspect, due to the regressive nature of the power (it wouldn’t tax the rich at a proportionately higher level), partly due to the funding boosts from the comprehensive spending reviews and partly as it might not be electorally popular.

In terms of public spending and intervention, sadly the Scottish Executive seems to be even more enamoured with the old Tory policy of PFI/PPP than even the Tories themselves. Schools, hospitals, prisons etc, are all up for grabs in the private profiteer feeding frenzy. The delivery of the core services might be maintained in the public sector, but the profit motive is firmly taking root in Scottish public services.

It is particularly peculiar to witness this continued passion for this form of privatisation alongside the seemingly anomalous habit of the Executive of buying out the private sector at a huge loss to the public purse – examples being the Skye Bridge and Inverness Airport – and the growing tendency for state owned hospitals to return their cleaning to the public sector, a trend undoubtedly influenced by the increasing problem of “super bugs” like MRSA.

A current example of such privatisation can be seen in the situation of CalMac. The Executive lost a vote on this issue at the end of last year, but seem hell bent on pursuing the tendering process despite opposition on their backbenches and from the unions. They are citing European legislation as the driving force; an excuse that the unions are vigorously challenging. This issue also serves to raise the question of the EU constitution, which would, undoubtedly, bring more privatisation of public services and should be robustly resisted by the Labour and Trade Union movement.

Council housing has all but disappeared as a form of tenure in Scotland due, again, to the Executive’s penchant for old Tory policies such as retaining the right to buy and stock transfer. Council housing currently makes up only 16% of the total housing stock. There are genuine community based Housing Associations, led and operated by tenants for tenants. However, in the case of wholesale stock transfer, again it is a

consortium that ultimately wields the power as the financial backers. Recent developments in the Glasgow transfer have highlighted the appalling living conditions, which many families in Glasgow have to endure.

There is a review due next year on the selling of council houses. It is to be hoped that the Executive will stop what is effectively the stripping of public assets to the benefit of private individuals and refuse to be influenced by a Westminster agenda. The Executive has reduced the discounts and, I would contend, that by doing so have shown that they question the policy.

Turning to another of the Tory ignominies identified by George Foulkes, whilst we may not have, as yet, reached the crescendo of outrage seen at the time of the Tory Criminal Justice Act, there is undoubtedly growing concern at the apparent erosion of civil liberties in the face of the never-ending "war against terror". Defending freedom and democracy by eroding freedom and democracy is distinctly Orwellian – "the war is not meant to be won; it is meant to be continuous". So called 'dawn raids', detention, ID Cards, internment without limit of time, a presumption against those seeking asylum and many other "initiatives" are threatening civil liberties in Scotland; but nevertheless continue to illicit a resounding silence from the Scottish Executive.

The attacks on immigration and asylum are of particular resonance given Jack McConnell's personal stewardship of the "Fresh Talent" project which seeks to underline the need to boost Scotland's population. As decisions on granting citizenship are reserved to Westminster, anomalies are arising. The threatened deportation of Pastor Daly, a man well known amongst the Glaswegian/African community for his charitable work with some of the city's poorest people, only serves to illustrate the arbitrary nature of our current asylum system. The continued existence of Dungavel immigration removal centre is also an anathema.

On the issue of school meals and milk services, The Scottish Parliament could be seen to have delivered to a greater extent than our Westminster counterparts. Hungry for success, free drinking water and breakfast clubs are all initiatives that have been introduced since devolution. So far, however, the Scottish Parliamentary Labour Party have stopped short of embracing the provision of universal free school meals and are unlikely to change their stance when the issue arises again this year.

Poor dietary health among our children is undoubtedly linked to poverty and deprivation. Until this is tackled head on it's difficult to see how the opportunity gap can be closed.

The NHS is likely to prove the biggest issue in the coming years and the Parliament's Health Committee have taken the unprecedented step to have a public debate on the subject this year. The Minister has recently taken a decision to use the private sector to try and tackle waiting lists and times. This is supposed to be a short-term measure with promises that it will not reduce NHS capacity.

Up and down the country, people are scrimping and scraping to pay for their much-needed operations. On the surface, it seems reasonable that the government should pay and not the individual, but the danger is that the private sector will gain a further foothold on public provision. Currently there are charges for television viewing and parking in many hospitals; lining the pockets of private enterprise whilst stripping patients of cash.

In the Hands of the Many; not the Few?

A closer look at some policies shows the disparate nature of coalition government and can serve to illustrate where problems can arise without any overarching policy framework such as a socialist vision of society.

The Scottish Executive's Homelessness legislation, passed in 2003 with a 10 year implementation programme has been hailed as the most radical homelessness legislation in Europe. It gives anyone who is homeless the right to a house, which, in 21st Century Scotland, should surely be a basic human right and of course the Executive should be commended for its introduction.

The problem, however, lies with the supply of social rented housing. Quite simply, there isn't enough and the plans for building more do not seem to address the anticipated demand. Within an over-arching socialist vision, this legislation would complement other initiatives such as removal of the right to buy, a building programme for council housing, encouragement of real community ownership in the form of housing co-ops and tenant co-ops within the local government model and removal of debt to allow repairs and maintenance without transfer to large housing associations backed by private financiers. Homes fit for humanity never mind heroes!

The announcement in December 2004 by the Scottish Executive to extend free bus travel for pensioners to cover the whole of Scotland was met by cross-party approval. It is, of course, very welcome for those who may benefit and for electioneering purposes. However, the underlying problems caused by deregulation of

the buses mean that in reality the free travel scheme will have a limited impact and will effectively transfer public money into the coffers of private profiteers. Had this been put in place within an overall vision of publicly owned, accountable bus services then it would have the capacity to make a big difference to public transport use and affordability. At present in the former Strathclyde area, some routes having been won by private contractors are then abandoned as non-profitable. Strathclyde Passenger Transport may then have to operate a service by tendering. The previous contractor can win the tender; and then get massive public subsidy to run the route!

The same argument applies to the railways where common sense, never mind a socialist vision (or current labour party policy!) indicates that a return to public ownership would be the best way to proceed. Again, the Scottish Executive is opening rail lines and stations, but the impact will be limited within the private model of service delivery.

Recently, the Scottish Executive bought out the Skye Bridge from its private contract. Fair enough, but where does this fit with a continuing policy of increasing PPP/PFI? Does it mean that there is now an overall policy that bridge tolls are wrong and should go? Would such a policy help or hinder traffic management and the environment?

The whole issue of child health and nutrition, I believe, shows the problems of taking a piecemeal approach to policy. Obesity amongst children is an increasing problem linked to bad diet and lack of exercise. On the exercise front, moves are afoot to try and increase physical activity during the school day. However, other policies such as PPP/PFI can interfere with that aim. For example, public parks being used to build facilities for schools and community use, which will have a charge placed on them – putting them out of reach for most children.

The Scottish Executive has introduced a plan to improve school meals and is providing universal free fruit up to primary 3, (bought, in many cases, from private contractors rather than food co-ops). They will not, however, provide free school meals and many Labour members argued against such provision based on the premise that it would be “feeding rich kids”. Putting aside the many other arguments against such a premise, the one glaring inconsistency is the provision of free fruit on a universal basis. An over-arching strategy and ideological direction would provide consistency. There are many other examples too numerous to propound in this short paper, but they all point to disparate policies, many of them welcome

in their own right, but all taking the sticking plaster approach when looked at in the context of the overall policies and practices.

Moving Forward Not Back

In terms of looking to the future, it has to be acknowledged that coalition government is not going to deliver the kind of radical overarching policies that would make Scotland more socialist and would effectively tackle poverty, deprivation and inequality. By its nature, such government will only offer disparate solutions to pressing problems and deliver promises on popular policies, which will be tied up in agreements effectively between party leaders and probably agreed before a vote is even cast! What Scotland needs is a clear vision, which would then shape the policy and legislation, and that can best be achieved by minority Labour Government and a Labour Government at Westminster.

To ensure such government would pursue a more socialist vision, reflective of the wider labour and trade union agenda, democracy has to be won back within the Labour party. The "Revitalise" initiative in Scotland, the Labour Representation Committee in England and the recently announced Commission on Party Democracy set up by Save the Labour Party can all help to achieve that. The Arbuthnott commission looking at voting systems and boundary differences in Scotland might also come up with a structure that gives more opportunity for minority government than the present voting system allows.

However, whatever the voting system, there can be little doubt that fiscal autonomy must be considered. The Barnett formula introduced in 1978 and named after the then chief Secretary to the Treasury, is in convergence with the increase in public spending in England and is not popular outside of Scotland as it is viewed as disproportionately favouring Scotland. Different types of fiscal autonomy can be considered, but the most likely would be a form of fiscal federalism which allows Scotland to be much more self-sufficient than it is at present. With such a system an overarching strategy within which policy and legislation is delivered would become even more necessary.

Returning to the Executive's top priority of economic growth, wealth creation is, as I have argued, desirable, but what a government does with it and how it creates it are equally important. I believe that a range of social ownership options can, and should, contribute to Scotland's economy including state, local authority and co-operative.

A private sector-led economy is not the answer to the increasing social and environmental irresponsibility of the profit-driven logic of capitalism, which serves only to foster selfish consumerist greed and individualism.

I believe that with vision and leadership, Scottish culture can be changed and we can embrace a much more collective approach to economic growth and enterprise. The Scottish Executive is keen to pursue a "smart, successful Scotland", but I don't believe our vision should be limited to that. Instead we can, and should, strive to achieve a confident, compassionate and co-operative Scotland within a socially owned, democratic economy.

The Scottish Executive deserves recognition for some of the policies that they have introduced, which can be viewed as gains on the road to socialism by the optimists among us. However, to make real progress in tackling poverty, exclusion and inequality, more radical, progressive, measures must be introduced within an overarching socialist strategy and the attachment to old Tory/New Labour privatisation policy must go.

Many in the Labour and Trade Union movement worked hard to see the dream of a Scottish Parliament become a reality and believe in breaking down barriers not putting them up. In a complex world, small nations cannot, any longer, survive independently of all other nations. For better or worse we all have to learn to work together for the common good.

The great threat presented by globalisation and global capitalism is that the people, the workers, are pushed aside by the capitalist corporations and their narrow agendas', which are always about profit and the exploitation of workers.

Real democracy surely matters now. Getting the balance right on where democratic powers should lie, and on what issues, between the Scottish, the UK and European Parliaments is the challenge of our times and one that cannot be ignored. If the economy in Scotland can be democratised, giving more control to the people, and the parliament can raise its own funding, then a framework will exist within which socialist policies can be shaped.

"What ideas individuals may attach to the term "Millennium" I know not; but I know that society may be formed so as to exist without crime, without poverty, with health greatly improved, with little, if any, misery, and with intelligence and happiness increased a hundred fold; and no obstacle whatsoever

intervenes at this moment except ignorance to prevent such a state of society from becoming universal.”

The clear obstacle to this type of society is capitalism, where the profit margin is God, and where greed, individualism and consumerism work directly against co-operation, compassion and collectivism. To find an answer to changing this, I think Gordon Brown’s own suggestion in 1975 is still valid today; “the dynamic must come from the existing layer of thousands of committed socialists in Scotland today, firstly through a more obviously democratic and accessible Labour Movement co-ordinating its work with the trade unions ... and with street committees, and secondly, through a concerted programme of political education.”

The Scottish Parliament has the potential to deliver socialism in Scotland today if it has “genuine economic control” and “taxation powers” along with the leadership and vision to rise to the challenge.

2005 and Thereabouts

Charlie’s Angels: The Movie; Female Part Time workers still face 40% pay gap; Referendum on EC Constitution; MP3 technology threatens CD sales; Calls for Pope John Paul II to be canonised; Barnett Formula; Tony Christie; The Red Paper on Scotland – 30 years on.

Plus ça change, plus c’est que le même chose.

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¹⁰ Gordon Brown, The Red Paper on Scotland.

Scotland: War or Peace?

Alan Mackinnon

This chapter argues that Scotland is becoming more, not less, drawn into the machinery of American war preparations despite the express opposition of the majority of its people. It outlines the changing role of Scotland's people, land and waters in the service of US imperialism. At the same time it highlights the growing role of the private sector in all aspects of the defence industry and the rapid loss of defence manufacturing jobs as the big UK manufacturers rush to invest in the United States. Finally it discusses what impact these issues as well as the pending issue of Trident replacement should have on the strategy of the peace movement in the coming months and years.

Today Scotland's land and waters are host to some of the most dangerous weapons of mass destruction known to humankind. Four Trident submarines are based at Faslane on the Clyde with enough nuclear firepower to destroy half the world. With at least 70 other active bases from Cape Wrath in the north to Dundrennan in the south, Scotland now plays a key role as a monitoring station, testing ground, supply base and launch pad for overseas wars.

As the strategic importance of Scotland's geographical position declines, its low population density, its distance from Westminster and the voters of the southern counties, and its large and growing Ministry of Defence (MoD) estate has given Scotland a new importance as a launching point for war. Scotland now plays host to all of Britain's nuclear weapons which are stored at *Coulport* on Loch Long. Nearby on Gare Loch is *Faslane*, the sprawling base for the Trident strategic nuclear submarine fleet, five conventionally armed nuclear submarines and a number of surface warships. *Cape Wrath* in the north-west is the only ship-to-shore bombardment range in Europe and perhaps the most important naval training area in the

northern hemisphere. It is also the only place in Europe where aircraft can drop live 1,000lb bombs. The naval range is regularly used by warships from the United States prior to combat operations as well as the warships of many other European navies. At *West Freugh* in Luce Bay, Galloway, is another bombing range, this time for British Tornado aircraft testing cluster bombs. A few miles further west *Dundrennan* is the only open air testing range for depleted uranium shells in the UK. In February 2003, just before departing for the invasion of Iraq, Challenger II tanks fired almost 200 DU shells into the Solway. Dundrennan is also the site for testing the *electro-magnetic 'supergun'* on behalf of the US military. The 'supergun', which can launch a shell at 7,500 mph and can destroy a tank 5 miles away, is intended to be the main weapon on the next generation of US tanks and light armoured vehicles. *Lossiemouth* in the north east of Scotland, despite recent job cuts, remains Britain's biggest base for Tornado strike aircraft. A vast area of the *north west highlands* comprises the largest and most frequently used low flying area in Britain. *Glen Douglas* in Loch Long and *Beith* in Ayrshire are huge weapons stores hosting all kinds of bombs, ammunition and explosives. In January 2003 two British aircraft carriers docked at nearby Glen Mallan to load munitions from Glen Douglas before heading for the Gulf.

Military Transformation

Of course, none of this is entirely new. For generations Scots have marched at the head of Britain's imperial armies providing, not just the shock troops to spearhead many a battle, but, disproportionately, also the engineers, doctors, merchants, plantation overseers, clerics and administrators to run the colonial regimes they established.

What is new is that today Scotland's armed forces, military bases and armaments industry are being reorganised to support US wars of aggression in the 21st century. With last year's Defence Review, Geoff Hoon made clear his intention to transform Britain's armed forces away from their Cold War configuration, designed to fight huge tank battles in the central European plain, to what is now described as its 'expeditionary role'. Hoon's plans would streamline Britain's armed forces with the emphasis on high technology, highly mobile forces with much greater amphibious landing capability and more aircraft carriers and attack aircraft. Even the reorganisation of several famous Scottish regiments into a single 'super regiment' was described by General Sir Mike Jackson as necessary to make the army a 'more agile and mobile force', a 'robust' infantry better equipped for 'expeditionary operations abroad'. Hoon's statement reiterated Britain's subordinate role to the United States military. UK forces, he declared, would never join a major conflict without their American allies.

On the face of it Scotland would appear to be less dominated by the United States than in the era of the Cold War. Gone are the American bases from Scotland, most notably the nuclear submarine base at the Holy Loch, the intelligence centre at Edzell in Angus and the submarine command and control centre at Forss and West Murkle in Caithness. The ending of the Cold War and the arrival of new weapons like Trident with greatly increased range meant that forward bases in Scotland were no longer necessary. Improvements in technology, such as advanced satellite systems and automation of monitoring stations, has allowed the US to withdraw personnel from Scotland and centralise many intelligence and command and control functions in the United States. But just as important as these technical developments has been the further integration of British military forces into NATO – a military alliance which is controlled at all levels by the United States – and the growing interpenetration of the UK and the US economies. That has ensured that a UK government which acted independently of the US and in defiance of it, could find itself on the receiving end of crippling economic countermeasures.

21st Century Dominance

US strategic objectives have not changed, but the ending of the Cold War has left its imperial project exposed for all to see. Its war machine exists to enforce free trade and open economies everywhere, to create the best conditions for US business growth worldwide and to ensure cheap oil for the US economy. Everything else is secondary. Military strategy is being reshaped to meet the new situation. Today the main threat to US dominance comes, not from the Soviet Union, but from the peace and anti-globalisation movements, 'rogue states' who resist its globalising agenda and the shadowy and stateless organisations of international terrorism. Thus disengagement from forward bases in Britain is mirrored by imminent force reductions of 30,000 in Germany and 13,000 in South Korea as an over-stretched army attempts to reinforce the beleaguered garrison in Iraq. It does not mean 'isolationism' and should be contrasted with the steady build-up of new US bases in other, less politically 'stable' areas, such as the oil bearing areas of the Gulf, the Caspian and the oil sea-lanes of the Red Sea and West Africa. Indeed, disengaging from direct involvement in Europe and the Far East is more about releasing resources to allow the restructuring of US forces across the world – a restructuring which is intended to consolidate American global dominance in an affordable way for the 21st century. The end result, according to Donald Rumsfeld, will be lighter, more mobile and more lethal forces supported by new technology and enhanced intelligence and backed up by new, more usable nuclear weapons and weapons based in space.

It is in this context that Geoff Hoon's Defence Review should be viewed. His new plans are not intended to create a force which can act independently in defence of UK land and waters. Instead it will be a force clearly structured for rapid overseas intervention, no longer just as the junior partner in a perverse 'special relationship', but increasingly as an integral and dependent part of America's war machine.

Arms Industry Disinvestment

Has this closer relationship brought defence-related jobs to Scotland or, indeed, other parts of the UK? With a US defence budget at \$469 billion and the Pentagon doubling its procurement of new missiles, aircraft and warships, the UK government has been actively lobbying that its support for Bush's Iraq war be translated into defence orders and jobs for British firms. But as Richard Leonard and John Foster have shown, very few contracts have come to UK-based plants. BAe Systems Edinburgh has won some work on the F-35 Joint Strike Fighter programme, but only as a subcontractor to Lockheed Martin. Raytheon Systems in Glenrothes also gained work on a missile guidance contract with its parent firm Raytheon Missile Systems. But there has been precious little else. Where UK firms such as BAe Systems have won major contracts from the Pentagon, it has been for their British owned plants in America. And the lessons of this have not been lost on UK arms manufacturers. The result has been a wave of takeovers by UK firms of defence contractors in the US. With the acquisition in June 2005 of United Defence, BAe Systems now employs over 35% of its workforce in the United States, while the same company has cut 7,400 jobs in the UK over the past three years and has sold much of its UK-based avionics industry to Finmeccanica of Italy and SAAB of Sweden. In addition BAe Systems has closed its Royal Ordnance factory in Renfrewshire and Rolls Royce and Babcock Mitsui have substantially cut job numbers at their Scottish plants. As one BAe executive confided: 'Everything is up for grabs'. European assets, he explained, are being sold off to raise cash for further US acquisitions. All this adds up to a process of active disinvestment in defence manufacturing jobs in Scotland and other parts of the UK, while British arms manufacturers rush to invest in the booming US arms market.

Privatising War

As in other sections of the economy, the defence services have been subjected to a wave of outsourcing and privatisation. Over the past 10 years the trend has been to contract out to private companies many of the jobs previously done by the military. The huge increase in private security firms, many of them British, which are

enjoying a bonanza in present-day Iraq has already been documented. Over 10,000 personnel employed by them are now in Iraq as well as scattered across the world. Less well known has been the steady increase in the private sector in Britain itself. As of March 2002 forty five PFI deals had been signed bringing £2.3 billion of private sector capital investment in defence, with at least £7 billion more in the pipeline. The deals vary from the provision of unit housing for soldiers and their families, to training the crews of submarines, providing tank transporters to carry tanks to the battlefield and building 6 RORO ferries in support of Joint Rapid Reaction Force deployments.

More importantly, major military bases and research facilities have been systematically put up for auction. The Atomic Weapons Establishment Aldermaston and its partner site at Burghfield are now managed by a consortium of three companies – British Nuclear Fuels (BNFL), Lockheed Martin and Serco. The Devonport nuclear dockyard which is currently refitting Trident submarines, is owned and run by Halliburton (Dick Cheney's former company). In Scotland, Rosyth Naval Base is now owned and managed by Babcock International, a British company with a turnover of around £26 million. In 2002 Babcock also took over many of the functions at the huge Faslane Naval Base. It now manages all engineering work on submarines and minor surface warships, provides hotel accommodation on site and runs three naval messes catering for up to 2500 sailors each day. In addition it operates the Faslane ship-lift. At nearby Coulport it operates the explosives handling jetty for loading and unloading Trident warheads as well as providing cleaning services, grounds maintenance and radioactive waste processing.

Many of the other bases and military research facilities in Scotland were handed over to Qinetiq in 2001 as a Public Private Partnership project. Qinetiq advertises itself as a defence and security technology company which is keen to do business across the world. In December 2002, Britain's Defence Minister Lewis Moonie announced that the government had found a strategic partner in the form of the Carlyle Group to help run the new firm. The Carlyle Group now owns just over one third of Qinetiq as well as several defence and technology companies in the US. It is extremely well connected to the Bush administration and the Republican right. In Scotland Qinetiq manages a string of bases and research facilities across the country (see Fortress Scotland for a full list).

Threat to Democracy

The rapid penetration of the private sector into all areas of the defence industry

and the operations of the armed forces reflects the growing influence of neo-liberal ideology in all sectors of the economy. The myth of public bad, private good has become the New Labour mantra. Yet in health, education and social provision, there is good evidence that PFI has proved much more expensive than its public sector alternative, has required major cuts in service provision and has failed to transfer the risks to the private sector. Now for the first time in the history of the modern nation state, governments like the US and UK are surrendering one of the essential and defining attributes of statehood, the state's monopoly on the legitimate use of force. In the past, the private sector profited out of building the materials of war. Today, it also trains all types of service personnel including the armies of foreign powers and provides huge numbers of private soldiers for combat, occupation and peacekeeping duties. In time of war, non-military personnel working for private companies now operate the sophisticated weapons and control systems aboard US battleships, B-2 stealth bombers and Predator drones. With that growing involvement comes power and influence. As a result the private US-based companies like Lockheed Martin, Halliburton and the Carlyle Group, and their British counterparts BAe systems, Babcock and Rolls Royce, not only run our arms industry and our military bases, but also have a growing political clout in shaping and developing our foreign policy and military strategy.

Thus top MoD officials and key ministers participate in 'champagne brainstorming roundtables' and 'Belgian beer tasting evenings' with CEOs from the same companies which are bidding for PPP/PFI projects. They co-present ideas and papers to 'defence partnership' conferences and MoD personnel are frequently on the receiving end of corporate hospitality and, on retirement, can land lucrative directorships with the same firms. The methods may be more subtle and the bribes less crude, but this cosy relationship ensures that, at the end of the day, senior civil servants and ministers are caught in the sticky web of corporate lobbyists and arms salesmen and their integrity and independence compromised just as easily as if they were Saudi arms dealers taking huge bribes.

Indeed, corporate lobbying by defence-related companies takes place at all levels of the government, the MoD and the armed services. BAe Systems Chairman (until August 2004) Dick Evans and Tony Blair were described by BBC journalist Will Self as having an 'intimate relationship' and with the former having unrivalled access to the British Prime Minister. This has since been confirmed by former Foreign Secretary Robin Cook in his book 'The Point of Departure' where he wrote: "In my time I came to learn that the Chairman of British Aerospace appeared to have the key to the garden door to number 10. Certainly I never once knew Number 10 to

come up with any decision that would be incommoding to British Aerospace". And how that unrivalled access to the Prime Minister's ear has paid dividends. Time and again the government has intervened using the full power of the British state to support, promote and, on occasion, cover up arms sales. Its global network of embassies and defence attaches as well as the visits of government ministers, MoD officials and even Royal Family members are widely used to promote arms sales. Add to that BAe's boast of commanding the loyalty of at least 200 MPs, its membership of several domestic and international lobbying groups, the huge hidden subsidies in the Export Credit Guarantee arrangements which underwrite British arms contracts across the world and the support for arms sales given by the Defence Export Services Organisation, and you can get some idea of just how easily the arms industry has bent the Blair government to its will.

Implications for the Peace Movement

The true extent of private sector involvement in the war business is largely unknown to the great majority of the people. Many will be aware of private security firms shadowy operations in Iraq, but would be horrified at the growing ownership and control of our military bases and research establishments by unaccountable private companies, many of them US-based. Control of the state instruments of war and foreign policy is steadily slipping away from elected and accountable government into the hands of a 'defence partnership' where the real strings of power are pulled by powerful corporations based in London and New York. So far there has been no public debate about this large scale erosion of our democratic rights and sovereignty. The peace movement has a prime responsibility to publicise the extent of private sector penetration and kick-start that debate.

Secondly, the extent of Scotland's role as a testing ground and launch-pad for war is largely unknown to the Scottish people. Two years ago the streets of Glasgow were filled with the biggest anti-war demonstration in living memory. Ample evidence, if evidence were needed, that the people of Scotland *do* care about what is done in their name and are implacably opposed to British involvement in US wars of aggression. That's why the time is right for a new initiative to publicise the extent of Scotland's involvement in planning and delivering such military intervention. **Scotland's for Peace** is a broadly based campaign intended to give expression to the widespread sentiment that Scotland should become a force for peace and international justice rather than a launch-pad for war. At the core of this campaign is a declaration for organisations and individuals to sign. Winning the support of trade unions, local authorities, MPs and a majority of MSPs will be crucial to the success of this campaign.

Son of Trident

A key part of that will be the issue of Trident. Britain's 'independent nuclear deterrent' may yet have 20 years of life left, but it will require a decision in the current parliament about whether or not to replace it. The case for Trident was always threadbare, but in the aftermath of the Cold War it is non-existent. Any new weapon, with greatly enhanced accuracy, would be seen as a first strike weapon, a clear escalation of the arms race and an aggressive new twist in UK/US nuclear policy. And it would probably provoke existing nuclear powers like China and Russia as well as fledgling or threshold nuclear states to respond in kind. We can expect an American President to apply sustained pressure on any British government to replace Trident with a franchised version of America's new generation of strategic nuclear weapon. And all the indications are that Reid, Blair and Brown are likewise minded. The recruitment of new scientists at the atomic weapons establishment at Aldermaston, the huge increase in transatlantic exchanges between Aldermaston and its US nuclear research equivalents and the building of a massive new on-site laser facility, all clearly point to the re-equipping of Aldermaston to build a new generation of bombs.

But the new weapon will be even less independent than the existing Trident system. We would lease (not own) the missiles from the US. The new submarines will probably be built here according to US designs, and the warheads will be assembled at Aldermaston, but would be built according to a US design, containing essential US components and operated by US controlled software and targeting technology. It would in effect be an American weapon. But we would pay for it and it would bind us ever closer to America's foreign policy.

Yet even its protagonists accept that Trident (and its offspring) has no military rationale in today's world. Instead, it will be a huge, expensive and dangerous status symbol – but a symbol, for Britain's ruling establishment, of its continuing imperial power (albeit in a very junior role to that of the United States). As the Times stated: "A decision to leave the club of nuclear powers would diminish Britain's international standing and influence". The fact that it will trigger an arms race with existing nuclear powers and encourage proliferation does not seem to matter. Nor that the costs and the risks of accident or terrorist attack will have to be borne by the people of Scotland and the rest of the UK.

All this should provide the basis for a broadly based campaign against the new weapon. Many of those who supported Trident first time around, will question its

relevance and wisdom today. There will be voices in the Cabinet, the MoD and elsewhere who will balk at spending at least £15 billion (government estimate) plus £1 billion a year for the next 30 years for a weapon which cannot be used. Trade unions, local authorities, MSPs and MPs must be pressed to oppose extending the life of Trident or replacing it. And if we don't need 'son of Trident' for the future, then we certainly don't need its predecessor today.

To implement such a strategy Scotland needs an effective Defence Diversification Agency, which would operate under the Scottish Executive Enterprise Department with trade union, local authority and defence industry representation. The existing organisation is inappropriately situated within the MoD, is grossly under resourced and seems to interpret its mandate as spreading defence technology to other areas of industry and even to increasing the defence involvement of existing civilian industry. Its main purpose, however, must be the transfer of jobs, skills and competencies from the arms industry and MoD bases to civil industry, especially in those parts of Scotland where major cuts in defence spending would have most impact.

Bring the Troops Home

Thirdly, and perhaps most importantly, the issue of the war and occupation of Iraq continues to occupy centre stage in British politics. It highlights the key contradiction of the era – that between imperialism and national liberation. It is the ultimate 'war for oil' which finished up pushing the price of oil through the roof. It illustrates the enormous military power of the world's single superpower, but also its folly and weakness. How quickly the triumphalism of military victory turned into the nightmare of occupation.

At the very heart of the issue, the case for war was based on one monstrous and deliberate lie – the fiction of Iraq's 'weapons of mass destruction'. It is a lie that now haunts New Labour day after day and month after month and will follow Tony Blair to his grave. No amount of scapegoating of BBC journalists or Daily Mirror editors or whitewash 'investigations' by hand picked members of the establishment will conceal the truth from the British people. Blair will have his place in history, but not as the international statesman he might have imagined. It will be as the man who made possible the unprovoked slaughter of a hundred thousand Iraqis to satisfy the greed of Britain's biggest companies.

Finally, the theme that runs through all aspects of this debate is the 'special relationship' that binds Scotland and other parts of Britain to US foreign policy. As we have

already shown, Scotland's growing MoD estate, increasingly automated and in private hands, has now become integrated into America's war machine. There is now a broad consensus within civic Scotland about the need to break that relationship so that we can reclaim our lost sovereignty and establish democratic control over our armed forces. But in doing so we also need to have a balanced assessment of what these forces will be asked to do and, therefore, the scope and size of the Defence budget. This year the UK will spend almost £34 billion on Defence, including £1 billion on Trident. If we add an estimated £6 billion on the war and occupation of Iraq over 2 years, Scotland's pro rata contribution to this would be nearly £4 billion. If we abandoned the 'expeditionary' role of our armed forces and stopped paying for aircraft carriers, heavy lift and amphibious capability and scaled down our forces for real defence rather than offence, defence spending could be at least halved. This would leave around £2 billion in Scotland to fund job creation and defence diversification schemes. And remember, this is not a pacifist programme. It would still be a military force able to deter real aggressors and provide peacekeeping troops for genuine UN-led humanitarian missions abroad. But it would mean Britain finally abandoning its imperial role.

Without the support of the Blair government the recent war in Iraq would not have been possible. Detaching the UK from the American war machine would, therefore, strike a powerful blow for peace which would reverberate around the world. We are, more than ever, a key part of a growing international and interdependent movement for peace and freedom. Liberating Scotland from the yoke of US military domination could help stimulate the political and economic liberation of millions of people across the world. It is a cause worth fighting for.

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Our Economy

Scotland's Energy Crisis

John Foster

For most people Scotland's energy crisis is not immediate. But urgent action is needed now if Scotland is to avoid a severely disabling crisis in the longer term. This crisis has three causes.

The first is the run-down of internal energy sources. According to the 2003 Energy White Paper, North Sea oil and gas output will be less than one quarter of current levels within fifteen years, currently operating deep-mined coal mines will be exhausted and all currently operating nuclear plants will be decommissioned. Imported oil, gas and coal will account for as much as 75 per cent of energy needs – or whatever fraction is not supplied by the remaining oil and gas from Scottish and English waters and renewable energy¹. And all imported energy will be expensive. By the end of next decade the world's remaining fossil fuels will be under fierce pressure from the new industrial giants, China and India, and an energy rapacious United States.

The second cause stems from the way Scotland's energy is currently owned and run. Privatisation has created structures that are monopolistic and technologically regressive and which supply electricity in ways that militate against locally controlled and accountable energy systems. Privatisation has also resulted, as in the railways, in a serious deterioration in the energy infrastructure and makes its

renewal much more costly than it would otherwise be. Additionally, for reasons that we will examine later, the privatisation of transport, housing and energy itself makes it much more difficult to respond effectively to the energy crisis.

The third reason for crisis is that Scotland will not be able to *afford* expensive energy. Its industry will face a fiercely competitive international environment and its population will be older and, therefore in current circumstances, poorer. Scotland already has a disproportionately large share of pensioner households suffering from fuel poverty.

This chapter will examine what is required economically and politically to resolve this crisis. It will outline the politics of energy since 1975, then consider why privatisation has been so damaging and finally assess what needs to be done.

The Politics of Energy

Struggles over the social control of oil, gas and coal have been at the heart of British and Scottish politics for the past thirty years.

When the Red Paper was published 1975, the impact of the first global oil crisis was at its height. The miners had used the opportunity to restore lost wage parities and in doing so nullified the Conservative government's assault on trade union rights. In this battle wider alliances had been formed which had done much to radicalise the trade movement and the Labour Party. The Labour government came to power in 1974 committed to an 'irreversible shift in the balance of power and wealth in favour of working people' – and to taking the recently discovered North Sea oil and gas resources under public control.

The 1970-74 Conservative government had already largely mortgaged the future of these resources. It had entered into agreements with the United States to maximise the speed of extraction – a policy which required a vast scale of investment, a quarter of Britain's entire capital investment over the eight years from 1972, and which was both technologically and economically beyond the resources of Britain alone. The purpose of this fast extraction was to break the market power of Third World oil producers. OPEC had effectively seized control of the world oil market from the big US and British oil companies in the late sixties and by the 1973 Yom Kippur war had secured a four-fold increase in the real cost of oil. In the resulting Anglo-American struggle against OPEC North Sea oil represented a potentially key weapon. By 1974 US companies had bought up well over half of the

licenses to oil bearing assets and a headlong dash was being made to bring the bulk of this oil on stream by the end of the decade².

The incoming Labour government adopted a cautious, but determined, approach to the establishment of public control. Under Tony Benn as Energy Minister from 1975 a state oil company, the British National Oil Corporation, was set up to accumulate the skills and technology required for independent production. The company was given rights to buy up to half the output of any oil producer and the 1975 Petroleum and Submarine Pipelines Act gave the government powers to impose depletion controls from 1982. The licensing rounds of 1976-77 and 1978-79 were used to impose more stringent conditions on new licensees and to extract wider concessions from existing oil companies. By 1979 the government was moving towards a regime which would give state-controlled production a dominant position and in which depletion controls would have been enforced from the early 1980s. Had this regime been maintained, Britain would today possess oil and gas resources much more comparable to those currently enjoyed by Norway – though at the expense of US strategy to undercut OPEC.

Not unpredictably, wider politics intervened. Benn became the bogey man of the right-wing controlled media and Labour's energy strategy, particularly its depletion controls, came under fierce attack. Already in the second 1974 election the prospect of a strengthened, left-wing Labour government had seen US oil interests liaising with the SNP. The trans-Atlantic-owned Thomson newspaper chain, including the Scotsman, consistently supported the nationalists. By 1976 US strategists were acutely worried. The US consul in Edinburgh, shortly to become head of the State Department oil interests desk, was expressing grave concern to his government that the Left was making rapid gains inside the Labour Party³. There was a significant danger, he argued, that a future socialistically-inclined Labour government would fall heir to oil assets which the US wanted for other purposes. The same year a new leadership took control of the Conservative party. Ideologically, it signalled a decisive break with the past. Its programme, derived from the radical right and particularly the Chicago school monetarists, called for shock treatment: a frontal assault on the Labour movement through mass unemployment and the privatisation of all state sector assets. A key part of this strategy was the destruction of the power of the 180,000-strong miners' union through the switch of electricity generation from coal to North Sea gas.

By 1990 this programme had been carried out almost to the letter. The Conservative privatisations began with the National Freight Corporation in 1982

and continued through airlines, bus transport, telecommunications, aerospace and motor manufacturing, steel, shipbuilding, mining and rails. Two of the biggest privatisations were in the energy sector: gas in 1986 and electricity in 1989. BNOC and its production arm Britoil were sold off and any threat of depletion controls lifted. The very considerable North Sea oil and gas assets of British Gas were privatised and the 51 per cent state holding in BP sold. And as the full potential of North Sea oil was brought on stream between 1982 and 1985, OPEC disintegrated and the oil price collapsed.

None of this was, however, without its contradictions. The destruction of OPEC and the fall in oil prices opened up Third World reserves once more to the US monopolies. The British oil companies were in a somewhat different position. Far more of their capital was tied up in the high cost North Sea and a pipeline infrastructure that required constant maintenance. The precipitate fall in the oil price left these investments stranded – putting BP and Shell at a major disadvantage in the dash to buy up the new resources. To make matters worse, the Thatcher government's poor relations with Germany and France blocked progress towards a liberalised EU energy market which Britain's oil companies wished to make their own.

From 1990 the new Conservative administration of John Major moved quickly to address these issues. A new tax regime was introduced for the North Sea – cutting tax incentives for further exploration while scrapping the Petroleum Revenue Tax on existing fields. This produced a cash bonanza for BP and Shell who owned most of these fields and enabled them to renovate their pipeline infrastructures – particularly to enhance gas capture – and at the same time lift upwards of £1 billion a year from the North Sea for investment elsewhere. In the EU the Major government prioritised the liberalisation of energy markets and the closer involvement of Britain in EU decision making. These policies, with BP and Shell acquiring massive new overseas assets, were largely continued during the first Labour government. The Chair of BP, Sir David Simon, became Labour's first Minister for Trade in Europe.

In sum, therefore, from the 1970s to the advent of New Labour, energy lay at the heart of British politics and its international alignments. Over the past five years the centrality of oil to British politics has intensified in face of the growing global oil supply crisis⁵.

The arithmetic of this new crisis can be put very simply. Current global oil output

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is 80 million barrels of oil a day. It is unlikely ever to rise much above 90 million barrels even with significantly higher levels of investment and discovery. It will then start falling. At the same time US demand will rise well above its present level of 20 million barrels – of which an increasing majority will have to be imported. Demand from China and India will also rise steeply from their current 8 million barrels a day. In these circumstances someone is going to have to go short – in a period when other sources of energy, renewables and nuclear, are either expensive or politically unsustainable, and fusion power, if viable, will take at least another two decades to develop.

US policy as defined by the Bush administration now makes direct access to external energy its prime objective. The British government has allied itself with these objectives – in part because the British corporate economy, and in particular the oil sector, is very closely interlocked with that of the US. The resulting political and military interventions have further increased the levels of volatility in oil and gas prices. Since 2001 prices have trebled and, though still lower in real terms than the peak reached during the 1979 Iran crisis, they are unlikely to come down by very much in future years. This brief sketch of energy politics is important for three reasons.

It reminds us that energy policy is not simply a technical matter. It is central to the politics of our time. Changes of policy invariably involve struggles over resources between rich and poor nations and rich and poor people.

This history also reminds us of how we got where we are. Our offshore waters contain relatively little oil and gas today because it was used so profligately in the 1980s and 1990s. If, since then, there has been little further exploration and development to secure what remains, it is because the big players have shifted the focus of their investment elsewhere – to buy up much more cheaply extracted oil in the Middle East, Asia and Africa. Early in 2005 Lord Browne of BP described the North Sea as in 'inevitable and inexorable decline'⁷. More generally, corporate strategies have shifted, under the short-term profit requirements of institutional investors, to buying over existing fields in cheap Third World locations rather than expensive and risky investments in exploration and development⁸. By 2004 global reserve replacement by oil majors was running at only 75 per cent of production⁹. For the North Sea, with its relatively high cost infrastructure and exploration, it is a situation that has had particularly adverse consequences. The Chair of one of the biggest UK explorations companies, Abbott Group, noted at the end of 2004 that 'we will reach the tipping point when it is no longer economic to invest in the North Sea in quite

	Percentage of world oil output <i>produced</i> 2003	Percentage of world oil output <i>consumed</i> 2003
Saudi Arabia	12.7	0
Russia	11.3	0
US	9.4	14.0
Iran	5.2	0
Mexico	5.1	0
China	4.4	1.8
Norway	4.1	0
Venezuela	4.0	0
Canada	3.7	0
UAE	3.2	0
Japan	0	5.0
Korea (S)	0	2.9
Germany	0	2.9
Italy	0	2.7
India	0.2	2.2
France	0	2.2
Spain	0	2.0
UK	0	1.8

Table 1: Main oil producing countries and main oil importing countries⁶

a large number of fields in the not too distant future'¹⁰. Once this process starts, the problem of maintaining the existing pipeline infrastructures will also become acute. There is, therefore, every danger that the privatised energy market will leave significant amounts of oil and gas trapped just off the Scottish coast'¹¹.

Finally, in terms of lessons to be learnt, this account underlines the degree to which oil companies are closely dependent on governments – in terms of the control and regulation of extraction at home and on military and diplomatic assistance overseas. At every stage the *private* control of energy has depended on detailed support from the state¹². It was this weakness that Tony Benn exploited so ably in the 1970s.

Labour's Energy Policy and the Problems of Privatisation

The government's 2003 Energy White Paper sums up the current challenge with admirable clarity. It estimates that Britain will be more than 75 per cent dependent on external energy by 2020 – even if the government reaches its target of 20 per cent of electricity generation from renewables. It notes that currently Britain

has one of the lowest levels of renewable energy in Europe. This constitutes only 1.3 per cent of the total as against 3.2 per cent in Germany, 4 per cent in the Netherlands and 16 per cent in Denmark. It also notes that Britain is in the bottom third of OECD countries in terms of energy efficiency and has 3 million households suffering from fuel poverty – that is, needing to spend more than 10 per cent of their income to adequately heat their homes. It identifies the major usages of energy as transport at 36 per cent, homes as 30 per cent and industry as 21 per cent – with space heating, hot water and lighting consuming 40 per cent, motive power for transport at 35 and industrial processes 10 per cent.

In the same White Paper the government also sets very bold targets for carbon emissions: a reduction of 60 per cent by 2050. The Scottish Executive's targets for electricity production from renewables are more ambitious than those at UK level – although this partly reflects the much higher proportion of Scottish electricity which already comes from hydro power, currently well over 10 per cent. The Scottish targets are 18 per cent by 2010 and 40 per cent by 2020¹³. The 2004 Annual Energy Review showed that at British level the government had already failed to meet its first set of targets for both renewable energy and carbon emissions.

However, the problem with the White Paper is not the targets or whether they can be achieved. They probably can – though expensively. It is its underlying assumptions and what as a consequence it does not attempt to tackle. It bases its energy policy entirely on privatised capital: 'liberalised and competitive energy markets will continue to be the cornerstone of policy'. It assumes that big business will be able to secure the great bulk of Britain's future energy from overseas, and like Bush's Energy Policy, presents this as a major objective of British foreign policy: 'securing reliable energy supplies will need to be an increasingly important part of a European and foreign policy'¹⁴. As the 2003 Foreign Office White Paper puts it, Britain will need 'to improve the long-term efficiency and stability of the international energy market through political and economic reforms in key supplier and transit countries.' These countries are listed fairly comprehensively as 'the Middle East, parts of Africa and the countries of the former Soviet Union'¹⁵. The dirty reality of this policy can be followed daily in Iraq and Afghanistan – as can the omens for its success.

The real problem is not tackled. It is how to ensure energy use is sustainable. This requires a radical reduction in energy consumption in ways that do not harm, and if possible help, ordinary people and maximise the use of internal resources, espe-

cially renewable resources. The government's own gestures in this regard are cosmetic. Its market-based Renewables Obligation for electricity generators is, as we will see, largely counterproductive. Its new energy standards for house construction depend on the building of houses – currently at a historic low. It funds a number of energy conservation schemes, but all depend on market take-up. Its subsidies for the new and more efficient gas combination boiler, while welcome, tie consumers even further to the use of gas at a time when most gas will have to be imported from outside Europe within just ten years¹⁶.

What government policy does not do, is provide a comprehensive plan for tackling the two great consumers of energy, transport and domestic heating, hot water and light – 75 per cent of the total. It is hardly visionary to say that car usage could be significantly cut by providing cheap and effective public transport, especially in urban areas – particularly when public transport offers the most promising way of pioneering the use of hydrogen fuel cells for propulsion. Nor is it visionary to argue that the local provision and management of energy for homes and businesses, organised and owned through local government, could both radically reduce non-renewable energy consumption and directly address fuel poverty. The use of local combined heat and light power stations and the systematic application of photovoltaics in cladding is already operational in the Germany and most Nordic countries – mainly under local government control¹⁷. In Scotland it would have a major potential for job creation and for stimulating local-based innovation and production.

What prevents the government moving in this direction? It is precisely its commitment to privatisation¹⁸. Privatised transport and privatised housing provision makes it very difficult to plan comprehensively for energy efficient urban and rural communities. The government would claim it is possible to achieve this through market-based incentives. But these are slow, clumsy and expensive, and, as we will see, often counterproductive. Worse still, privatised energy distribution controlled by a handful of centralised power monopolies will make it much more difficult to introduce Distributed Generation, the basic infrastructural requirement for locally-owned and accountable power systems¹⁹.

At this point it is worth examining the record of electricity privatisation. When privatised in 1989 the industry had a highly integrated structure. The Central Electricity Generating Board operated all generation and transmission in England and Wales. Retailing was handled by twelve area Boards. In Scotland generation, transmission and retailing was handled by two integrated units: the South of Scotland Electricity Board and the North of Scotland Hydro Board. Under privatisation separate companies were created to run the grid (one in England and Wales

and two in Scotland), to generate electricity (a further separate company in England, the two Scottish companies plus British Energy to handle nuclear generation) and twelve further companies with area distribution rights that were in time also given rights to generate.

All these companies now operate to a greater or lesser degree in a quasi monopolistic environment. The government regulator allocates prices that make allowance for the company's capital base, operating expenditure and the cost of any new agreed capital requirements on the basis of lending rates through the commercial market. Once prices have been set, the companies are free to increase their revenue within these parameters by cutting their workforce, switching to cheaper feedstocks and selling off property assets. Between 1990 and 1999 the pre-tax profitability of the privatised electricity companies ran very substantially above the average for companies quoted on the London Stock Exchange. The financial gains to shareholders have been described by one academic analysis as 'massive'²⁰.

What was the social cost? Over this period the companies increased their proportion of generation from gas, largely at the expense of the indigenous coal industry, from 35 to 65 per cent of the total. The overall workforce in the industry was reduced from 142,000 to 72,000 – at least in part at the expense of internal capacities for maintenance and infrastructure replacement. The 2004 Select Committee on Trade and Industry concluded that there was now a 'real danger' that the electricity infrastructure was deteriorating to a level where, as in the privatised railways, 'it would take several years to repair'. Professor Robin Maclaren, Chair of the Electricity Association Networks Board, told the committee that it had been company policy to 'sweat' the gold-plated assets inherited from the publicly owned industry and to undertake only minimal maintenance. The Select Committee entertained serious doubts as to whether sufficient levels of skilled personnel remained within the industry to undertake the work now required²¹.

The problems of implementing energy policy within a privatised environment can be illustrated by the sorry tale of the Renewables Obligation²². The obligation, placed on electricity companies from 2002, required them to generate an increasing (but initially quite small) proportion of their electricity from renewables. Companies were permitted to trade certificates with other companies that had surplus renewable generated electricity. The rising market price of these certificates as the renewable obligation increases would then drive investment in renewable supply. It might seem to be a highly ingenious and beneficial scheme.

Its effect, however, has been to place Britain, and particularly Scotland, at a major disadvantage technologically in the development of renewable energy and to create significant economic problems for the future. The big energy companies, including a number of overseas operators, quickly moved in to install the cheapest off-the-peg technology. These were wind generators from Denmark. They are siting them mainly on shore in concentrations across the North of England and especially in Scotland. As the 2004 Scottish Parliament Committee reported, this has 'unintentionally' blocked the development of new indigenous technologies in which Scotland might otherwise enjoy particular advantages – notably in tidal and wave power and to a lesser extent in biomass and photovoltaics²³. These technologies are currently more expensive and in the case of tidal and wave power still to be perfected – providing the type of opportunity for Scottish engineering already secured by the Danish industry producing wind turbines. This outcome is now unlikely. Actual and planned capacity from wind turbines is already virtually enough to meet targets for 2010²⁴.

However, this outcome is not just technologically detrimental. It is also economically so. Wind power as against tidal power is intermittent – particularly if geographically concentrated. When wind levels are too high or too low, the generators stop and other current has to be switched to maintain supply. With 30-40 per cent wind power capacity in Scotland within fifteen years, the amount of spare 'spin' capacity will need to be considerable – and the main source for speedy generation switch is gas. So in the long-run it will mean more expensive energy, dependent on uncertain external supply²⁵. Nor does the story end here. The grid companies have had to be persuaded to extend their grid networks to access the new wind power capacity – almost everywhere in remote locations. The initial stage of the investment agreed in December 2004 amounts to £0.5 billion. As with other PFI type structures, the regulator estimates the commercial cost of capital from the market (much higher than it would be for the public sector) and then allows the companies to draw a proportionate profit on top of this. Again the cost has to be factored into the price charged for electricity²⁶.

Elsewhere in Europe the development of renewables was tackled far earlier and much more effectively. And it was largely achieved through state and local government owned electricity producers. In Finland, Denmark and Germany, for instance, tariffs were offered at different levels for different renewables corresponding to the current cost and containing an element of subsidy for technological development. The result has been to give these countries a sustainable mix of renewable energy and a technological lead in their production that will be economically very important for their future²⁷.

On any rational assessment privatisation would seem to be about the worst possible option for energy supply²⁸. The initial sell-off of assets, according to a DTI investigation in 2000, was pitched too cheaply and involved a considerable loss to the public²⁹. The regulation of the industry through the 1990s enabled it to generate excess profits while allowing the industry's infrastructure and skills pool to deteriorate very seriously³⁰. Although there was a relative decline in prices between the mid-1990s and 2000, this decline largely tracked cheaper fuel stock and is now being dramatically reversed³¹. A significant part of the excess profit has been used by the companies to diversify and invest outside Britain. By 2004 both Scottish Power and Scottish and Southern Energy had two thirds of their investment outside Scotland and an increasing amount in the US – in the case of Scottish Power in a very unwise investment in PacifiCorp³². There is now a considerable tendency to concentration and monopoly. Companies in Britain are being bought up by better-resourced and more productive German and French companies – often partly state-owned³³. Technologically Britain's own privatised industry has been extremely regressive – with desperately low levels of research and development. In 2001 Britain spent \$52m on energy R&D. Germany spent \$339m, France \$518m and Japan \$3,600³⁴. New capital investment, made at virtually no risk and agreed with the regulator, has to be paid for at PFI rates. And the scale and cost of regulation is itself prodigious. OFGEM now produces upwards of three hundred detailed reports a year, employs over 400 professional staff and costs, with additional consultancy, in excess of £100m annually – the equivalent of funding three universities. It would be difficult to invent a more extraordinary system.

The biggest problem is, however, the future. The costs of not having sustainable energy will be severe – particularly for Scotland. The 2002 Housing Conditions Survey revealed that 74 per cent of *all* dwellings in Glasgow failed to meet housing quality standards. In Glasgow Housing Association stock, where poorer households are concentrated, it was 86 per cent³⁵. The main problems were dampness, condensation and fuel poverty. The Scottish Executive Fuel Poverty Statement for 2002, using a minimalist definition of fuel poverty, found that 55 per cent of *all* elderly households in Scotland were in fuel poverty. Excluding the elderly, 55 per cent of all households on benefits were so as well³⁶. Since then gas prices have risen by over 30 per cent and electricity by almost as much. Both will undoubtedly rise considerably further in the near future³⁷.

For such households Scotland's energy crisis is already real and a foretaste of what is to come was provided by the price spike of autumn 2005. The combined impact of pressure on gas supplies, forecasts of a harsh winter and the impact of Hurricane

Katrina produced a doubling of 2006 gas futures and a fifty per cent increase in wholesale energy prices³⁸. Already before Hurricane Katrina the UK Gas Market Review for 2005 noted that the five retail gas companies had lost up to £0.5 billion over the past year as a result of the disparity between wholesale and retail prices. In light of continued increase in wholesale costs, the report commented that 'withdrawal from the market has to be a possibility'³⁹. If this were to happen, the public would be left with a devastated infrastructure, unmanageable costs and at least a temporary inability to cope with the looming transition from direct natural gas supply to stored liquefied gas.

What Needs to be Done?

Let us start by restating the argument. Within fifteen years global energy resources will be under intense pressure. While oil and gas will not run out, Europe's supplies will mainly have to come from Siberia, Central Asia and the Middle East. India, China and the US will also want the same resources and energy producers will be in a very strong market position. Forecasting energy prices is always problematic, but almost inevitably they will be higher than at present and subject to unpredictable hikes. Yet as things stand and even with the achievement of 40 per cent renewables in electricity generation, Scotland will remain overwhelmingly dependent on imported oil and gas for heating, transport and industrial processes. Prices could easily double or treble in real terms. An increasing number of people and industries will find themselves priced out of the market⁴⁰.

We have shown that solutions exist. They involve systematically reducing energy consumption, producing the bulk of energy sustainably and ensuring the full recovery and best use of remaining indigenous fossil fuels. Each of these steps would require very major programmes of capital investment. All would need to start now to be effective.

These programmes are:

- Systematic introduction of Combined Heat and Power plants in urban and appropriate rural communities, full insulation of all housing and the use of cladding, including photovoltaics.
- Replanning urban development to minimise transport needs and the creation of comprehensive and integrated public transport systems locally and regionally.

- Ensuring a sustainable and efficient mix of renewable energy through the use of biomass, tidal power and photovoltaics in addition to wind power.
- Maintaining and developing the North Sea pipeline infrastructure to ensure the full uptake of oil and gas resources and the exploration of currently unused license areas.
- Redeveloping the electricity grid to manage Distributed Generation in ways that minimise centralised generation from fossil fuels.
- Ensuring the clean use of coal through the development of clean coal technologies.

Some of this could conceivably be done using privatised structures of ownership. But it is certainly not happening at the moment and is only likely to happen – given the nature of market signals and alternative capital uses – under public regulation and with even bigger public subsidies to private sector profits either directly or through regulated prices.

The question therefore, is whether such additional and unnecessary expenditure can be afforded – simply, it would seem, to satisfy the doctrinaire obsessions of right-wing politicians and the greed of their friends in city boardrooms. Developing renewable energy is not cheap. The required capital expenditures on infrastructure are very big. These alone would generate massive additional outlays if the capital is not raised publicly. Considerable investment will be needed simply to make up for the lack of expenditure over the past fifteen years. Technically it is difficult to visualise how Distributed Generation could be made to operate within the present market-based structures⁴¹. Many of the long-term benefits resulting from energy efficient infrastructures will be indirect and social – like the savings to the NHS of approximately £1 billion though reductions in illnesses linked to cold, damp housing and traffic pollution⁴².

For all these reasons there would seem to be compelling reasons for adopting appropriate forms of public ownership.

For electricity transmission a two tier structure would seem necessary. A centralised state owned grid operating over a wide area, optimally at British level, would be required to balance different sources of supply and maintain a basic central generating capacity of its own. Below this would be community and local

suppliers, democratically owned and managed through local government, relying on renewable resources and with a remit to minimise energy use and sell spare capacity to the national grid⁴³.

For fossil fuels a state energy company would be funded to acquire the remaining coal and North Sea oil and gas assets and ensure their extraction is maximised for the long-term and that clean technologies are developed. This energy company would also run the gas transmission network and the purchase of gas from overseas.

Resources currently going to OFGEM would be switched to established research institutes for renewable technologies and sustainable energy systems.

To be effective these programmes would also require, as already noted, the re-establishment of public ownership in transport and housing. No less important, they would also require political mobilisation at both Scottish and British levels. The advances of the 1970s were only secured as a result of a trade union movement that had over the previous ten years, progressively extended its campaigning to defend wider community needs in terms of employment and social services. On this occasion the severity of the energy crisis is such that the potential exists for much broader alliances. In 1945 wide sections of industry and much small business supported Labour's nationalisation of energy in order to secure a cheap and efficient energy infrastructure. Over the next decade some such form of public ownership will be needed for survival itself.

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⁹ *Financial Times* 31 January 2005

¹⁰ Alasdair Locke, Chair of Abbott Group, quoted in Tom Nichols, 'Staying Power', *Petroleum Economist*, Nov 2004, Vol. 71 issue 11 p. 8.

¹¹ The 23rd licensing round announced in September 2005 gave out an unprecedented number of licenses – half of them Promoter licenses to encourage smaller independent firms to invest and 2005 has seen a significant increase in exploration activity over the all-time low of 2003. However, serious concerns were being expressed that, as in the past, this boom and bust pattern of exploration would generate cost problems that would prejudice longer-term development. The perennial problem of the UK offshore oil industry has been the inability of its highly anarchic ownership structures to sustain a sufficiently large skill and supply base: *Herald on Sunday* 11 September 2005.

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¹⁶ Stern, Jonathan, 'UK gas security: time to get serious', *Energy Policy*, Vol. 32/17, November 2004, pp. 1967-1979.

¹⁷ Danyel Reiche and Mische Beckberger, 'Policy differences in the Promotion of Renewable Energies', *Energy Policy*, Vol. 32/7, 2004, pp. 843-849; A Van Beek and J.H.B. Benner, *International Benchmark Study on Renewable Energy*, June 1998, Netherlands Ministry of Economic Affairs. Denmark and Finland are most advanced in this field together with the Lander in Germany. The German government runs a 500 million euro programme for cladding roofs with photovoltaics.

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A Progressive Green Agenda for a Sustainable Scotland

Mark Ballard MSP & Peter McColl

Introduction – What Priorities for Government?

What would a green agenda for government in Scotland look like? The key task for greens, together with the rest of the Left, is to confront the idea that there is no alternative to Neo-liberal economics. A good place to start would be to immediately challenge the top priority of government in Scotland. The Labour-Liberal Democrat partnership agreement opens with the words “Growing the economy is our first priority” – not ‘our priority is social justice’, nor is it ‘sustainable development’. Both have repeatedly stressed that this ‘number one’ priority, and confirmed that they measure this growth in terms of increasing the Gross Domestic Product (GDP) of Scotland. Margaret Thatcher’s vision is alive and well in the Labour and Liberal Democrat parties in Scotland – generate wealth and this will trickle down to solve social and environmental problems.

This priority is quite a distinctive stance – for example, the UK Labour government elected in 2005 laid out its priorities as follows: your family better off; your family treated better and faster; your child achieving more; your country’s borders protected; your community safer; your children with the best start. So while the coalition in Scotland chose a single, measurable indicator of economic activity as their priority, Tony Blair chose a range of rather vague statements which were mostly about quality of life rather than quantity of economic activity.

Possibly the priorities were chosen to ensure that the Scottish Government was marked out as a modernizing executive, untainted by the socialist concerns of the

past. Having GDP growth as the number one priority served to emphasize the commitment to neo-liberal economic orthodoxy of the coalition in Scotland – which perhaps was something that the Blair government did not have to prove by 2005.

Richard Robbins, in his book, 'Global Problems and the Culture of Capitalism' (1999), summarises (p.100) some of the guiding principles behind this ideology of *neoliberalism*:

- Sustained *economic growth* is the way to human progress
- Free markets without government “interference” would be the most efficient and socially optimal allocation of resources
- *Economic* globalisation would be beneficial to everyone
- Privatisation removes inefficiencies of public sector.

These four points have become the consensus among parliamentarians in the Scottish Parliament, although the Greens, the SSP, and some on the Labour and SNP benches would strongly disagree.

To challenge the Scottish Executive agenda, we need to understand why increasing GDP is the wrong target, what the impact of this target is, and the vested interests who benefit from this target at the expense of the wider population and the environment.

Such an approach may help to explain the seemingly inexplicable decisions of the executive, such as the decision to approve the M74 motorway extension through south Glasgow. The proposed extension was rejected by an independent public inquiry, but the Transport Minister chose to overturn this decision, giving as his grounds the underestimation of potential economic benefits.

This chapter aims to explain why a focus on GDP growth is problematic, through addressing a number of the problems its pursuit causes. The essay concludes with some comments about a more appropriate system for measuring progress, and a programme for moving away from GDP growth and towards more sustainable alternative.

Why Prioritising Increasing GDP will Fail Scotland

Gross Domestic Product is one of a number of measures of national income, and is calculated by adding combined value of all goods and services produced within Scotland over a specified time period. Greens have always argued that GDP actually tells us very little. It is simply the gross measure of market activity in Scotland – the amount of cash that has changed hands. It therefore values only that which can be costed, that which has a cash value, and ignores any wider impacts of those activities and activities that are not part of the cash economy. Understood in this way, GDP is as useful to understanding national achievement as knowing a company's turnover is to judging that company's success. While it tells something, it is far from a comprehensive gauge of sustainability or efficiency.

There are four key ways in which GDP fails as measure of progress in Scotland:

First, because it simply aggregates the value of monetary transactions it cannot differentiate between beneficial expenditure and spending that is harmful.

To illustrate, when a car is purchased in Scotland, this expenditure increases GDP. Every time the car is filled with fuel, this will register in the GDP figures. The more fuel inefficient a car is, the more GDP increases. If this car is involved in a nasty road accident, following which several vehicles must be repaired, GDP will also go up. If the owner of the car is prosecuted for dangerous driving and engages a lawyer, GDP goes up. If the owner is then sued by one of the other drivers, GDP goes up. All these events are treated as positive, because they all cost money.

Many areas of central Scotland have been blighted by opencast mining projects, which cause huge amount of noise, dust and disruption to surrounding communities. However, none of these negative externalities are measured by GDP, only the paltry number of jobs that the mines create, and profit from sale of the mined materials.

Do we really want a Scotland where crime, divorce and pollution are all treated as economic gains?

Secondly, GDP is oblivious to the inequalities of wealth distribution. There may be more money sloshing around, but in whose pockets? In Scotland we have seen a continuation of high levels of poverty, in particular child poverty, despite increases in GDP. It is worth noting that the two major countries with the highest levels of

per capita GDP – Norway and the USA – have vastly different patterns of wealth distribution and health, age and educational inequality. As we have seen in the aftermath of hurricane Katrina, the USA's high level of GDP can mask a huge population living in poverty.

Equally, increasing GDP can mask regional disparities. For example, we can have overheating in Edinburgh or Inverness to the detriment of the rest of the country. Such overheating is not measured by GDP, but it can lead to wider social problems and affect housing costs and transport infrastructure. GDP is blind to the skewed distribution of wealth.

Do we want a measure of economic progress that may promote entrenched wealth inequalities, by class, or by region?

Thirdly, GDP champions all monetary transactions, but ignores many valuable services that take place outside the cash economy, in spite of the importance of such services to our communities and our society. Whether it is voluntary work with young people to help tackle the root causes of antisocial behaviour or work done to manage communal land in a crofting township, the Executive's chosen measure of success ignores such work and the enormous contribution of the voluntary sector to our society generally.

Do we want to ignore the contribution of those who contribute so much to the fabric of society, but do not get paid for it?

Fourthly, GDP treats the depletion of natural capital and resources as income. As we use our finite, irreplaceable oil reserves, it is vital that we account for their depletion. What would the auditors say if a business sold off its capital assets, if a factory sold off its machines, and treated the money raised as income? Likewise, if we exploit our fish stocks beyond their safe biological limits, we are depleting that natural capital. This was a significant cause of the dust bowl in the USA in 1930s.

Do we want to imperil the well being of future generations through ill advised pursuit of short term gains?

So, Greens argue that the key to sustainable growth is to secure high quality economic development, not merely the rapid and inefficient circulation of money in the economy. It makes no sense to want growth for its own sake, so we should specify what growth we want. We should measure progress by measuring the things that matter – the quality of people's lives, fairness, health and happiness,

rather than simply GDP. Instead of measuring national 'turnover', we must measure national success as expressed in the profits of 'well being'.

Many on the Left have traditionally argued that GDP growth is necessary for providing the job opportunities that will help the poor out of poverty and for producing the revenue to pay for environmental protection. However, that assumes that there is no contradiction between all growth and the other objectives. In particular, because GDP cannot factor in natural capital depletion, rising levels of poverty, income inequality or regional disparities, it can often promote structural unemployment, environmental injustice and may endanger the long term prospects of regional economies through resource depletion.

Increases in GDP can be obtained from activities that impose much larger social and environmental costs than any revenue benefits that they might produce. Exploiting people and the environment might be good for GDP, but it is not good for the people or the environment. Equally, GDP increases can mean that the rich get richer while the poor stay poor. The Green agenda (which incorporates a Green Jobs Strategy to encourage economic development in sustainable industries) requires a strategy of just transition, to tackle jobs in the polluting or socially damaging industries that have a negative total impact on Scotland, while maintaining the social and economic fabric of communities.

Measure What Matters, not GDP

We must measure what matters, rather than what is easy to measure. There is data available that can be synthesised as wider indicators of Scotland's progress. When, in the summer of 2005, the Executive published its "Indicators of Sustainable Development for Scotland: Progress Report 2005", out of 24 social, economic and environmental indicators, only six showed some evidence of positive progress. While GDP growth was growing, little progress was being made in efficiency, happiness or general well being.

The Scottish Indicators of Sustainable Development for Scotland, however, are only one of the many new composite indicators currently being developed. Unlike GDP these alternative Indicators all take into account depletion of natural capital, as discussed later, and the effect of development on our natural resources. They look at poverty, health and people's quality of life, not just the circulation of money in the economy.

These indicators tend to show that, despite the dramatic increases in GDP over the last thirty years, that our society has actually become less economically, socially and environmentally sustainable.

One of the most promising new indicators is the index of sustainable economic welfare, or ISEW, developed in the late 1980s by Herman Daly and John Cobb. It takes as its basis the measure of consumer expenditure which also underlies the GDP. It then makes a number of additions and subtractions to account for certain environmental and social factors including, for example, (positive) contributions from unpaid household labour, and (negative) contributions from resource depletion, income inequality and environmental damage.

The New Economics Foundation produced a report in 2004 called "Chasing Progress", which used a new indicator, developed from the ISEW, called the measure of Domestic progress, or MDP, to assess UK development since 1950. It found that *"GDP has soared in the last 50 years; but MDP has struggled to take off at all. The divergence is especially transparent over the last 30 years: GDP increased by 80 per cent, but MDP fell sharply during the 1980s and has not yet regained its 1976 peak."* (NEF, 2004)

Looking at some of the indicators they use it is not hard to see why. Here in Scotland the Executive's health strategy acknowledges the ever-expanding health gap between the rich and the poor. People who live in deprived areas are more than twice as likely to have a long-term illness and their life expectancy is 15 years less than that of people who live in affluent areas.

The Institute for Public Policy Research has shown that the top 10 per cent have increased their share of wealth from 47 per cent to 54 per cent since Labour came to power in the UK. It has also shown that women are more likely to live in poverty.

According to Cardiff University, people's overall sense of well-being has hardly improved at all since the depression of the 1930s, despite decades of GDP growth.

Finally there is the issue of our continued over-use of the global commons. If everyone in the world lived as we do in Scotland, we would need two more planets. That is our ecological footprint. We currently consume far more than our fair share of the earth's resources. We cannot sustain a world where Scotland uses this proportion of global resources. Nor, indeed can we sustain a world where that use of resources creates pollution disproportionate to Scotland's population.

Abandoning GDP as a top priority for government, and shifting to a set of priorities that measure what matters will not in itself necessarily lead to any kind of transition. However, just as the Scottish Executive's choice of GDP growth signals its commitment to neo-liberalism, rejecting GDP could be the first stage in rejecting reductionist neo-liberalism. We can then start to move towards a set of more holistic actions that balance environmental, social and economic needs.

Supporting Positive Developments

As we argue above, GDP cannot distinguish between positive and negative developments. We need more ways to promote positive economic developments, and Greens have always argued that decentralisation and local control is the best way to ensure a proper assessment of the merits of a development.

Over recent years there has been an increased emphasis on Government consultation. But this has very rarely meant real participation in decision-making by communities. All too often consultations are ignored, or designed in such a way as to make the community input irrelevant.

No community, for example, who lived near an opencast mine would, if given the choice want to allow this kind of development near them. No-one would want to live next to a landfill site. So we need much greater community powers over the economic decision making process. This, of course needs to be balanced, with the wider interests of society. But while we have seen an expansion of political democracy – new layers of community councillors and MEPs in the 1970s and 1980s, and MSPs in 1990s, this has not been matched by an expansion in economic democracy.

A clear step forward in economic democracy would be for communities to be full participants in economic planning rather than just consultees. This would go hand in hand with measures to encourage communities to develop their own economic organisation.

The political process must recognise the local community interest alongside that of government and of business. That is why a Third Party Right of Appeal (TPRA) that would ensure communities have the same rights to appeal as do developers is so important. We need to reform our planning system so that as well as the local authority and the developer having the power to appeal against proposals, the local community should too.

Alongside better regulation and decision making powers over economic development for communities we need more of a role for community-led enterprises. Development trusts are a model for this (see below), and there are now 58 across Scotland.

About Development Trusts

What are they?

Development trusts are community run organisations that:

- aim to achieve the sustainable regeneration of a community and therefore are concerned with the economic, social and environmental and cultural needs of their community
- are independent but seek to work in partnership with other private and public sector organisations
- are owned and managed by the local community
- aim to generate income through trading activity that enables them to move away from dependency on grant support. All trading surpluses are principally reinvested in the organisation or community.

What do they do?

Local people set up development trusts to tackle local issues and to improve the quality of life in their community. As a result, development trusts become involved in a very wide range of activities.

Just some of the activities which development trusts are currently involved in include... running the local shop and post office... developing play park and recreational facilities... managing a housing development... developing renewable energy projects such as wind farms... managed workspaces... setting up training programmes... running childcare or youth services... preserving the local heritage... restoring and conserving historic buildings... In short, anything and everything that might help build a vibrant and sustainable community.

Despite the diversity that is reflected in what they do, all development trusts are underpinned by a strong ethos of self help and self reliance and a belief that community regeneration which is achieved through community owned enterprise is the way to build strong and sustainable communities.

Another example of community empowerment and new economic organisations has come as communities have taken over ownership and management of rural land in Scotland. The examples of Assynt, Eigg and Knoydart are well known, where communities came together to buy out their landlords, but the current powers are very limited in scope. On a smaller scale, but more widespread, is the movement for the community ownership of woodlands, community housing and other community enterprise. There are now around 80 community owned and managed woodlands in Scotland, up from one fifteen years ago.

Social enterprises are models for business that have environmental and social concerns as their priority. The best social enterprises combine the ethos of the voluntary sector with the entrepreneurship of the private sector. Rather than divide enterprises into 'for-profit' private sector and 'not-for profit' voluntary sector they aim to be 'more than profit'.

Social enterprises in Scotland take a wide variety of forms. They can be co-operatives, development trusts or companies limited by guarantee, and community interest companies will no doubt emerge, too. What unites all such enterprises is social purpose and a commitment to objectives that go beyond a return on capital.

To support social enterprises in Scotland there needs to be much greater recognition of their potential, together with improved access to training, finance and funding in particular, from the existing economic development agencies.

Local and national government must be harnessed to ensure that procurement maximises community benefit, through using social enterprises where appropriate. Finally there are also regulatory, tax and administrative barriers which need to be removed.

Through this twin track approach of extending community powers over economic decision making and supporting community economic enterprises we can develop an economy that simultaneously serves community interests and allows sustainable development. Economic growth will be tied to the sustainable needs of the community.

Together with government action to regulate multinationals, economically empowered communities will be able to decide for themselves what development is appropriate to meet their needs. Further, improved circulation of money within the community will ensure higher levels of employment and more economic efficiency.

How do we Value Non-Monetised Activity?

GDP figures miss out completely the contribution to economic development and the social fabric of Scotland made by voluntary work, art and culture, learning, and the role of carers for the elderly and children.

A Citizen's Income Scheme (CIS), a long term Green Party policy now being toyed with by the SNP, is an effective way of simplifying the current tax and benefit system, while helping to move society to a more sustainable notion of work. Under this scheme every person of employable age would receive a basic income from the state. It would be set at a level high enough to cover the basic needs – shelter, food, clothing and heating.

This income would be non-taxable, and would replace the personal tax allowance and most welfare benefits (other than those for special needs). It would also replace schemes to support those in education, so students in further and higher education would receive the basic income, which would effectively restore student maintenance grants. Further income would then be taxed on a progressive scale.

Such a scheme would end the current confusing and inefficient overlap of tax and benefit systems. At the moment a low-paid worker wanting to work more to increase earnings may gain nothing, or perhaps even lose, if benefits are lost and tax becomes payable (the 'poverty trap'). An unemployed individual may be worse off by taking a job for similar reasons (the 'unemployment trap'). Since the basic income in the CIS is guaranteed, and partly financed by the abolition of most welfare benefits, these disincentives to work cannot occur. A decision to work in paid employment, or work more hours in paid employment, will increase income. This will apply to both full and part-time employment.

The CIS will also allow more people to provide socially useful work in 'unpaid' sectors of the economy. An unemployed or part-time employed person may find it difficult to undertake voluntary work under the current tax and benefits system because such work may reduce his or her entitlement to benefits.

The CIS will also recognise the value of activities such as caring for relatives by providing a basic income to those involved, rather than requiring them to claim benefits. It would encourage more flexible working patterns, allowing people to determine for themselves how much paid work they wish to do. Job-sharing and part-time working, which are often made impossible by the current tax and benefits system, would become more feasible options.

So a Citizen's Income System would be a concrete way of demonstrating society's support for activities that are outside the monetary economy. It would also end the scourge of the poverty and unemployment traps. It forms a key part of the Green Agenda for Scotland, and would help rid Scotland of endemic unemployment.

Natural Capital

Another key weakness of GDP is its the failure to assess the depletion of natural capital. Greens would use eco taxes and proper regulation to encourage companies to behave more sustainably.

Environmental tax measures ("eco-taxes") are designed to encourage movement towards a sustainable economy, by increasing the prices of items or services produced using unsustainable or polluting practices. Resource taxation would be charged on the use of raw materials, and will reflect their relative scarcity and the environmental disruption caused by their extraction. An example of a resource tax is the proposed carbon tax – a tax on fuel which increases with the relative carbon content of the fuel, thus encouraging a shift to fuels which emit less carbon dioxide when burnt. As well as taxing the use of resources which are 'input into' a production process, taxes should also be levied on the outputs of those processes, depending on their ecological impact. This will include taxes levied on the desired products of manufacture if they are considered to be pollutants (e.g. pesticides or plastic packaging products). An example of such a tax is the plastic bag tax introduced in Ireland, where the introduction of a 10 cent tax on plastic bags reduced the use of polythene bags by 90%.

This would be part of a wider shift in taxation policy. Professor Ernst Ulrich von Weizsacker, argued in his book 'Earth Politics' that the burden of taxes is mostly on the productive sectors of the economy, things such as work, savings and investment, and that a more efficient system would tax the inefficient activities in the economy such as pollution, congestion and waste of resources (Weizsacker, 1994).

The criticism from other parts of the Left of any such shift in taxation is that it would be regressive, that is it would hit the poorest hardest, since those on low income tend to spend a greater proportion of their income directly on good and services. In addition, the better off can afford to avoid resource taxes, for example, by investing domestic energy efficiency measures.

Recent research, such as Dresner and Ekins "Green taxes and charges Reducing their impact on low-income Households" published in 2004, argue it is possible to design eco-taxes in such a way as to avoid potentially regressive effects. Any introduction of eco-taxes needs to be matched by the introduction of measures that make the shift to lower resource use available to all. This would include alternative services or infrastructure – for example, providing world class public transport to ensure that most people do not need a car, grants to help those on low income to invest in energy efficiency measures as well as information and awareness campaigns to reduce all barriers to reducing resource use. The resource taxes then can be designed with targeted compensation schemes (for example, those with large families are not penalised unfairly by water taxes) and with tariff/charging design that ensure that the tax burden does not fall disproportionately on the poor (avoiding for example, flat rate charges, and using income-based measures instead).

Of course, using taxation and the price mechanism can only go so far. In a market economy, companies cannot behave in socially and environmentally sustainable ways if their competitors gain a significant price advantage by not doing so. Proper regulation is therefore also needed.

However, much of the regulatory framework currently in place was designed with the connivance of big business to actually inhibit sustainability and undermine small business. Much of this regulatory framework is notionally to protect health and safety, or to protect the environment – things we all support. The way the regulations are designed all too often ensure that the costs they impose on big businesses are miniscule compared to the cost to their smaller competitors, and allow the unsustainable behaviour of corporations to continue.

Big business easily justifies overuse of antibiotics for farm animals, pesticides, and additives in processed food. Small companies, though, face shelling out thousands of pounds on stainless steel, refrigeration and other expensive kitchen equipment in order to set up a food related business. A few significant events, such as the 1996 E. coli 0157 outbreak in Wishaw, overshadow the long term rise in the number of cases of food poisoning, which is related much more to industrialised food produc-

tion techniques that often involve moving food large distances. Such activities are bound to increase incidences of food poisoning.

The regulatory framework must therefore be based on principles of environmental sustainability, protecting the local and the sustainable, rather than larger businesses which may be capable of meeting regulations, but rarely have the interest of community at heart.

This must take place within a framework that accounts for resource depletion, and seeks to not just ameliorate the worst excesses of capital, but to promote investment in sustainable futures for all. Development must be accompanied by a commitment to future generations, and social control of the development processes which is accountable to community, not just business, interests.

Income and Regional Disparities

One of the most striking failures of national GDP as indicator is that it does not analyse the patterns of distribution of economic activity, merely the gross amount. In a nation like Scotland a total figure masks huge variations. The City of Edinburgh is one of the UK's richest areas – while Scottish Borders and the Highlands are among the poorest.

Even within areas there are wide disparities of income, and a problem with endemic pockets of poverty. These problems point to the need to promote local community economic development and a fairer system of benefits as detailed above. Rather than making efforts to make rich areas richer, it is important that growth is geographically dispersed.

In order to ensure that economic growth spreads appropriately, we need to develop local economies, and this means opposing WTO proposed measures for trade liberalisation which provide an unfair advantage to international corporations.

As the New Economics Foundation suggest in their report “Ghost Town Britain” (2002) the collapse of local food economies can be directly related to the rise of large supermarket chains. Through effective lobbying of government, and the ability to provide local authorities with substantial financial incentives, supermarkets have changed profoundly the relationship between producer and consumer. Rather than a sustainable relationship between producers and consumers, that recycled money

into the local economy, supermarket chains pay low prices to producers, low wages to staff, and charge customers similar prices to local shops. This disadvantages everyone except the managerial class in the supermarkets, and the shareholders. The binds of geography which previously ensured the poorest had access to money through its localised exchange are being continuously diminished.

What is needed is a form of fair trade not free trade. The concept of fair trade is familiar through the trade in commodities such as tea, coffee and chocolate. This assures the producer of a set price, above that determined by the market. By reducing the power of large purchasing corporations, a fairer price is guaranteed. In Scotland, the domination of supermarket chains and Robert Wiseman dairies has resulted in milk prices being driven below the levels that dairy farmers need to sustain their business. A system to guarantee sustainable milk prices for Scotland's producers will enhance not only the prospects of those farmers, but also the communities dependent upon dairy farming.

Such measures need to be supported by a regulatory regime that specifically allows local producers to be prioritised, rather than marginalised. Instead of measuring best value, or comparative cost in absolute monetary terms, the value of tenders should be measured against the relative impact on the local community, society and environment. In this way, for multinational companies to get contracts, they will need to show clear community benefits.

The Green Agenda – Politics as if People Mattered

MacKinnon (2004) cites Jessop (2002) in identifying “four strategies of economic response to the rise of neo-liberalism. The first of these is neo-liberalism itself which promotes market-led restructuring involving deregulation, liberalisation and privatisation. It seeks to promote inter-regional competition, free trade and capital mobility. Second, neo-corporatism seeks more of a balance between public, private and voluntary sectors, based on a commitment to social standards as well as economic growth. Neo-statism adopts a state-led approach to economic development, using the resources of the state to guide investment in order to secure competitive advantages. Finally, neo-communitarianism emphasises the role of the ‘third’ sector, encouraging bottom-up development and the social economy. It promotes community development, social inclusion, decentralisation and self-sufficiency.”

Green thought is closest to a neo-communitarian analysis through its commitment

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to community and opposition to both big state and big business. The green commitment to politics as if people mattered displaces much of the individualist or structural analyses that have traditionally prevailed on the Left. This is not because human rights, or class, are unimportant, but because in their abstraction such ideas lose some of the transformative capacity that the Left so strives to harness.

Communitarian understandings allow a coherent plan for transformative action that requires both state and business to serve the interests of the individual in his or her social context. This means both that GDP growth forms only a small part of government strategy, but also that economic development is tied to a sustainable framework that is not prejudiced against the worker, business, or the social and environmental context in which the development occurs. Community, frames our action as individuals, it is the responsibility of government to ensure this is a liberatory factor.

Rather than organising social change around class based or industrial organisation, greens argue for community based transformation and reject the neo-liberalism of the majority of the Labour party. Simultaneously, Greens reject the neo-corporatist approach of the opposition parties which failed so spectacularly to defend the state from multinational capital in the 1970s, resulting instead in the co option of the state by those same forces of multinational capital.

This approach therefore offers a solution for the Left that challenges neo-liberalism, and in particular restrains the excesses of capital, which can no longer be fixed geographically in the way that the UK government did in the post World War II period. Capital, rather must be harnessed to provide the economic benefits that can clearly be delivered by local, diverse economies. Greens are part of a global movement to resist neo-liberal economic globalisation, but a distinctive part that is committed to moving beyond the economic polarities of the past and towards a new economy that is socially and environmentally connected.

Towards a New Economy in Scotland

Richard Leonard

De-industrialisation

Since the industrial revolution Scotland has been a manufacturing powerhouse. As recently as 1970 more than a third of the workforce in Scotland, 708,000 people were employed in manufacturing.

But over the last three decades there has been a crisis of industrialism, leading to claims that we are living in a "post-industrial society".

This crisis reached its nadir as the monetarist shock treatment of the Thatcher years saw almost 200,000 manufacturing jobs wiped out in Scotland alone between 1979 and 1985 (a fall from 605,00 to 412,000). Exchange controls were scrapped prompting a massive tide of capital export, sterling became over-valued causing a surge in imported goods, interest rates soared choking off investment and mass unemployment reached crisis point.

Even today our manufacturing base continues to shrink. As a result the UK now has one of the smallest proportions of employees in manufacturing in the EU, standing 22nd out of 25 member states¹. In Scotland in the year to March 2005, 2,000 net manufacturing jobs were lost to leave just 235,000 people in its employment (10.3 per cent of all jobs). Over the same period whilst UK manufacturing output rose by 0.3%, in Scotland it fell by 0.4%².

There is a spatial dimension to this process too. Communities which have been heavily dependent on manufacturing are still recovering from this collapse. In the 1975 Red Paper, Vincent Cable could chart the decline of manufacturing in Glasgow

which saw net employment fall in the sector by over 60,000 between 1961 and 1971. This represented a drop in manufacturing's share of employment in the city from 41.7 % to 34 %. But by 1998 less than ten per cent of the city's jobs were in manufacturing³.

This continued erosion of our productive base is not inevitable. There are sustainable economic futures based on both services *and* goods production, but they require a radical challenge to the ascendancy in national and international public policy of the classical liberal economic agenda of free trade and laissez-faire.

Offshoring and Outsourcing

The 2004 UN World Investment Report bluntly states, "Offshoring is essentially a manifestation of a shift in production in response to comparative advantage"⁴. In other words the current trend of offshore out-sourcing is underpinned by a philosophy of specialisation and exchange which can be traced back to Adam Smith and his follower David Ricardo who in 1817 published his "law of comparative advantage" theory. This law of classical economics claims to prove that international trade will always be mutually profitable between two countries if each specialises in the good or service in which it is relatively most efficient, even if one country can produce both in absolute terms more efficiently.

The last decade and a half has seen growing pressure to transfer manufacturing work from western to central Europe and even further afield. However, it is in services that offshore outsourcing is on the increase. And the speed and scale of this is breathtaking. The 2004 UN Report goes on to speculate that "Offshore outsourcing of business processes is expected to grow from \$1.3bn in 2002 to \$24bn in 2007, raising the international share of the market from one per cent to fourteen per cent in five years⁵.

But the UK's part in this is not at all typical.

According to a recent survey in the Economist "At present, perhaps 80-90% of the service work being done remotely in India comes from either America or Britain, with which the country has linguistic and cultural links"⁶.

By contrast the same report points out that the other major EU economies: France, Germany and Italy have shown "little appetite for buying services work from their neighbours..."⁷.

There is undoubtedly an Anglo-American model of capitalism, distinguishable from the continental European model.

The latest UN review of global Foreign Direct Investment (FDI) reveals that the value of FDI overseas stock of UK registered companies by 2003 was over \$1 trillion, second only to US companies whose value was over \$2 trillion, representing 14 per cent and 25 per cent of the total world FDI outward stock respectively⁸.

So that whilst in 2003 the UK attracted \$14.5bn worth of inward FDI, almost four times that amount, \$55bn was exported⁹.

And once again out of the top six trans-national corporations (TNCs) in the world in 2002, ranked by foreign assets, three were US owned (General Electric, Ford and General Motors), and three were UK owned (Vodafone, BP and Shell (part Dutch))¹⁰.

Ownership

There is a further dimension which marks the British economy out. Barca and Becht¹¹ point out the huge contrast between the UK capitalist model of ownership and that prevalent on the continent.

In over 80 per cent of the largest companies listed in France and Germany there is a single shareholder owning more than 25 per cent of shares. This may take the form of a stake held by the state, but more often is because there is still a high degree of family ownership. By contrast only 16 per cent of comparable UK companies are family owned. As Sandy Baird, John Foster and Richard Leonard show elsewhere in this volume, in Scotland the picture is even starker. Of the Top 100 Scottish registered companies, Scottish ownership is recorded as low as 8 per cent¹².

One of the key features of the Anglo-American model is the high number of Stock Exchange quoted companies running the commanding heights of the economy.

This means there is an undue City influence over UK public and corporate decision making, often fuelled by very short time horizons. Moreover the City is occupied with secondary (i.e. buying and selling) not primary investment, is behind a high number of mergers and acquisitions including hostile takeover bids, and focussed on overseas investment rather than indigenous industrial lending. British

investment institutions have become expert at moving funds out of UK industry and into shopping malls and overseas investment, but unpractised and unskilled at nurturing new business or supporting the development and diversification of existing enterprises. It is for this reason that our industries have suffered from not only a productivity gap, and technological backwardness, not only from a research and development deficit, but from a production gap too.

Towards a New Left Strategy

Today's received wisdom is not just that the market must be free from political interference save from guarding the free flow of investment and trade, but that this is a new natural order: a view not just that the system should *not* be controlled, but that it is uncontrollable. In fact capital liberalisation has been quite deliberately planned and legislated for, through the EU and increasingly the World Trade Organisation (WTO).

Democratic governments have a primary duty to their electorate. Capital may be mobile, but people are not. Adam Smith and David Ricardo lived in an age before transnational corporations. They assumed capital was both immobile and patriotic. It is plainly neither. It is therefore time to challenge the nineteenth century ideas still gripping our economy and develop a new Left strategy fit for this century.

Key to this must be an understanding that there is a huge concentration of control in the economy by an unaccountable oligarchy. This control will not be readily ceded. Moreover, because this oligarchy is not only unaccountable, but increasingly also located overseas, a successful left strategy will need to be internationalist.

The challenge has historical parallels. A century ago political power in the UK was exclusively linked to property ownership and gender: nobody would seek to defend such a political system today. Yet economic power is hidebound in precisely the same way. That is why a left agenda for the economy must be founded on the rock of economic democracy: and enlightened by the twin visions of liberation at work and liberation from work.

Liberation at Work, Liberation from Work

The "Management Today" magazine recently reported that 72% of middle managers and 69% of senior managers and Directors were looking for a "greater sense of meaning in their working lives"¹³. This level of alienation at work is not new to the

trade union movement. In the 1975 Red Paper, Alex Ferry wrote of the “master/servant set up in industry” and indeed reflected on “the most antiquated, out-moded and trouble-making single feature of modern industry... Management prerogative”¹⁴.

Thirty years on workplaces remain all too often authoritarian. The twin perils of the emergence of the 24:7 society and the demands for “lean production” means that the day to day experience for many working people is one of job monotony and long hours, management by stress and overwork. A culture of high dividends and low wages mean that too many people don’t live, but exist.

We therefore still need a fundamental change in the master/servant employment relationship: a new employment contract where workers are partners and citizens not just hired hands. In short we need work to be humanised and democratised: moving from partnership to participation.

But we need not just a narrow kind of industrial democracy, but a much wider agenda of economic democracy. This would, among other things, challenge the patriarchal economy by unlocking women’s access to economic decision making. This is essential in building a more participatory democracy and in countering our heavily centralised economic monoculture. It would radicalise and feminise the micro and macro-economic agenda so that issues like power and social relations, equal pay, time and work/life balance would be centre-stage.

The clarion call of organised labour at the end of the twentieth century was for the right to work. Somewhere along the way less prominence has been given to one of the labour movements founding principles, namely the right to leisure and the campaign for reduced hours at work. These principles must be given new life in the campaign to secure full and fulfilling employment, and full and fulfilling lives.

Social and Sustainable

A progressive Left strategy must not embrace a simplistic “Going for Growth” agenda. Economic development should not be about extending the present economic order, its logic and priorities. Neither should it be predicated on unbri-dled consumerism and materialism.

There must be a shift towards socially useful production, a planned end to toxic industries and a properly resourced defence diversification strategy as we decom-

mission the military industrial complex. This must be a transition which respects communities and safeguards the income and security of workers.

Such a “Just Transition” approach is supported by the STUC and is now an established part of the Scottish Labour Party debate on enterprise¹⁵.

The Labour-led Scottish Executive’s recent green jobs strategy is an extremely welcome initiative¹⁶. Renewable energy in particular, provides an opportunity to lead a manufacturing renaissance, building on the indigenous skill-base. Scotland is a world leader in the research, design, development and construction of maritime engineering applications thanks to three decades of North Sea oil and gas exploration. Sea based wind energy and wave power are both based on these technologies, and both are expected to flourish: but each will require Government support and a recognition that the spontaneous forces of the market will not work in the energy sector. The Executive is right to aspire to make Scotland the “green enterprise capital of Europe”¹⁷. But the challenge is not just to “grow Scotland’s green economy”, but to *grow Scotland’s economy green*: every job should be a green job.

We need a global ecological perspective too, because the so called knowledge economy does not ultimately consume less, it simply offshores the consequences of production. And international trade union solidarity demands not only the enforcement of International Labour Organisation standards on British based TNCs, but pressure to lift the social wage as well as the weekly wage of workers globally. It means the deepening of trade union co-operation across national boundaries to collectively influence and direct investment flows through elected governments and new popular forms of control. At the same time our aim should be to bring points of production and consumption closer together and to put the “local” into local economic development.

Local Economics

That means recognition of the importance of the local economy – and the need for local economic policy making. Scotland’s local authorities should be given greater revenue raising rights to go with the power to advance “well-being” conferred on them by the 2003 Local Government in Scotland Act. This would allow them to be more proactive in promoting pathways to sustainability, and would stimulate new municipal enterprise and ownership.

There is no reason, for example, why cities could not set their own air pollution

targets where these are improvements on national standards, or have the power to levy local eco-taxes.

But the continued fixing of a Uniform Business Rate by central rather than local government is not sustainable. It cannot be right that local government only raises around 15 per cent of its own revenue whilst 85 per cent is set centrally. Businesses are major users of local government services – there should be a direct line of accountability.

In economic development local councils and enterprise bodies should work with the new Scottish Co-operative Development Agency to put more resources into support for co-operatives, community businesses and the social economy and rather less into property for inward investment.

Local authorities themselves should be expanding frontline service provision in socially useful areas like home helps and the caring services, education and local creative and cultural initiatives, to reflect a shift in public investment from militarism to human development.

Defence Diversification

The Defence Diversification Agency set up in 1999 is the dog which hasn't barked. Under-resourced, lingering in the shadows of the Ministry of Defence and committed to technology transfer rather than company or community diversification, the Agency lacks direction and political control. What direction it does have is often counter-intuitive. The 1998 White Paper for example, perversely stated that one of the Agency's founding aims is "To encourage the transfer of suitable *civil* technology into *military* programmes" (my emphasis)¹⁸.

A new Scottish Defence Diversification Agency coming under the ambit of the Scottish Executive Enterprise Department should be established. It should have a much broader remit, better resources and the dynamism to be pro-active. It requires leadership too. That is why the partnership model developed by Labour local authority initiatives in this field a decade ago, should be introduced nationally, with trade union, defence employer and Scottish Executive involvement in a Scottish Defence Diversification Council to give direction to the initiative.

This in turn may provide a template for a broader conversion agency which encourages and financially supports other parts of our industrial base to convert

to more sustainable ways of working and more sustainable products and socially useful services.

A number of sectors from North Sea fishing to chemicals; from energy to pharmaceuticals face phase outs and bans imposed by governments nationally and internationally. All require transitional support so that the workers affected are not simply seen as inevitable and acceptable casualties, but are given fairness and justice in making the transition to new sustainable employment.

New Forms of Ownership

One of Labour's most radical – and popular – policies in Scotland has been its programme of Land Reform. From the virtual abolition of feudalism, to the right for communities to buy land when it is up for sale with the aid of a Scottish Land Fund. What goes for Land Reform should go for Industrial Reform too. Employees and communities should have a legal right to convert an enterprise into an employee owned or community owned one whenever there is a take-over bid, a proposed transfer of production, when there is asset stripping or where closure is proposed.

A more limited version of this right has existed in Italy since 1985. The Marcora Law not only provides for funding the general promotion and development of co-operatives, but also provides special support for workers facing redundancy. It allows for public investment in a workers co-operative of up to three times the value of the employees investment up to a maximum limit of three years unemployment benefit. There are claw back facilities if the enterprise fails, but because it helps solve the undercapitalisation problem faced by many co-ops there is a 90 per cent success rate.

Such a statutory right if backed up by suitable industrial investment funding could make the home of Robert Owen, a new "Mondragon of the North"¹⁹. It would give the soon to be created Scottish Co-operative Development Agency real power for economic change. It would also help to reverse Scotland's slide into a branch plant economy, a way also of socialising ownership from the bottom up.

Regional Policy

Industrial investment is key. In the original Red Paper, Bill Niven could record that public expenditure on trade, industry and employment in 1972/3 in Scotland stood

at £192.3 million²⁰. A decade later by 1982/83 awards of Regional Preferential Assistance and Regional Selective Assistance combined in Scotland alone were worth £389.5 million. Since then state aid to industry has declined dramatically, so that by 2002/3 Regional Selective Assistance grants to the value of just £61 million were awarded. This fell to just £46.5 million in 2003/4, before modestly rising to £69.6m according to the Scottish Executive in 2004/5²¹.

One likely implication of the 2004 Northern Assembly referendum result is that there will be a revival of interest in UK regional policy, including the distribution of Government expenditure and subsidy. The fundamental changes in EU structural funds post enlargement have already sparked off calls for re-nationalisation of regional policy instruments back to member states.

A new resurgent regional policy should include the establishment of a public regional Investment Banking network – including a Scottish Investment Bank charged with supporting sustainable production and ownership models through loans and equity stakes. This would help in plugging the investment gaps left by the private investment network particularly the provision of finance for small and medium sized enterprises. It would also bring together existing funding instruments under one roof. A public development bank would be able to take a longer term view of economic development free of the short term pressures of shareholder interests and would be accountable instead for public policy objectives to the electorate.

Awake the Sleeping Giant

In recent years there has been a marked shift towards overseas ownership of the shares of UK listed companies. They now account for 32.6 per cent of all shares (at 31 December 2004). Back in 1975 they accounted for just 5.6 per cent of total shareholdings. There has been a rise too in the proportion of shares owned by other financial institutions (up to 10.7 per cent). Nonetheless institutional shareholdings by pension funds and insurance companies still form the biggest bloc accounting for around a third (32.9 per cent of UK ordinary shares, compared to 32.7 per cent in 1975) with individuals now owning just 14.1 per cent. Thirty years ago individuals held 37.5 per cent of UK ordinary shares²².

And yet there remains a huge concentration of power: a handful of investment managers based in London, at Schrodgers, Merrill Lynch (formerly Mercury), Barclays Global Investors, Phillips and Drew (now owned by the Swiss UBS bank) and

Hermes control 49 per cent of all UK Pension Fund assets²³.

So large parts of the economy are already popularly *owned* by pension and life insurance funds, but not popularly *controlled*. This is the sleeping giant in the economy. The ownership and control of capital could thus be socialised by democratising these funds. Similarly reforms to UK trust law to allow for a much broader interpretation of the interests of scheme beneficiaries which recognises the role of beneficiaries or citizens both as savers *and* as workers are urgently required. In an age where ethical investment has assumed greater importance, its time that these antiquated rules were changed.

Reform is necessary to pave the way for direct ethical and social investment in indigenous manufacturing, public services and infrastructure. So not only would such a move help to plug the long term investment gap, it would also provide an alternative to the Private Finance Initiative and fundamentally alter the pattern of capital flows in the UK economy – and out of it.

The present crisis in pensions makes these reforms even more compelling. Undoubtedly there has been an over reliance on the casino of the Stock market to bring the highest returns. What is required is a mixed portfolio including more direct primary investment in businesses and less speculative capital movement.

A Scottish Public Provident Fund

And with changes to pension rules a Scottish Public Provident Fund could be established. This would be charged with a social and green remit to invest sustainably and socially responsibly. The Fund could assume the management of all existing Public Sector Funded Occupational Pension Schemes in Scotland. Most obviously, “funded” schemes such as local government pension schemes, but also including larger “pay-as-you-go” schemes like the National Health Service Scheme, the Scottish Teachers Superannuation Scheme and the Scottish Parliament’s own scheme, which are all presently administered and regulated by the Scottish Public Pensions Agency. The Strathclyde Local Government Pension Fund: in the top 5 biggest local authority funds in Britain, alone has over £7 billion in its fund.

A Scottish Public Provident management board could be established comprising 50% employee/union nominees and 50% Scottish Parliament/Local Government Appointees. It could provide the prototype for the kind of wage earners fund model developed in Sweden and advocated for the UK by leading Left thinkers like Minns and Blackburn²⁴.

But if democratic pension fund reform is to significantly re-direct investment and provide for both popular ownership and control in Scotland's economy intervention is needed at a UK level. The commanding heights of the Scottish economy are externally owned, many of them directed from headquarters in the South East of England, most of them quoted on the London Stock Exchange. Moreover it would be more effective to co-ordinate UK wide public pension funds like the Coal Industry Pension Schemes (valued at £18bn), the Universities Superannuation Scheme (valued at £15.5bn), the Royal Mail scheme (£12bn) and the BBC scheme (£5bn) to these same ends. And to exercise control over the biggest private (all notably *privatised*) occupational pension schemes like the BT Scheme (£22.7bn), the Electricity Supply Pension Scheme (£15bn), the Railways Pension Trustee Company (£12.5bn) and National Grid Transco (£11.1bn) also demands a united UK-wide approach²⁵.

Building an Alternative

An important ingredient for Scotland's economic regeneration will be support for greater self organisation in the economy. In some areas this will mean the popular ownership and democratic control of large corporations through radical pension and life insurance reforms, in others it will mean a controlling stake through a new Scottish Investment Bank, in others still it will mean an extension of municipal and employee ownership. Decentralised, co-operative, non bureaucratic socialism needs to be given its place in any New Left strategy. But there will be an important place too for an expansion of publicly funded, democratically run public services, especially in care and welfare, in the NHS and education services: and for strategic intervention in the Scottish economy by the Scottish Executive and its agencies.

Fundamental reforms are needed, but that should not be mistaken for a reliance on Parliamentary reform alone. The trade union movement will be critical in galvanising the knowledge and skills of working people required to build an alternative to the "trample or be trampled on" ethos of the current economic system: a form of socialism from the root up.

That will require the trade union movement in particular to raise its sights beyond the workplace. To look to the political as well as the economic: to bargain for a better deal in the present economic system whilst promoting its fundamental change, and to be the leader of a wider movement for universal *economic* suffrage.

This new Left economics must be built on two pillars: a co-operative not a command economy; a participatory democracy where people regardless of gender, race, belief, disability, age or sexual orientation are entrusted with economic as well as political citizenship. The objective must be a more egalitarian and democratic society: a democratic socialist society.

It is because of the UK's key role as a major force in the world economy that the Left in Britain must take the lead. It is because of the opportunities that are afforded by devolution that the Scottish Left can take the lead in Britain. That is the challenge of this age for this generation.

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Ownership and Control in the Scottish Economy

Sandy Baird, John Foster & Richard Leonard

Introduction: Global Leadership or Deepening Dependency?

When John Firn and John Scott wrote their contributions to the 1975 Red Paper they both perceived Scottish ownership and control to be under threat¹. John Scott was comparing the 1970s position to the almost complete dominance exercised in the 1930s by a fairly small group of traditional Scottish industrial and banking families. By the 1970s this exclusive control had been lost. Most manufacturing industry was owned from south of the border or the US. Almost all of the Scottish clearing banks had become subsidiaries of English clearing banks. Nationalisation had removed coal, steel and the transport and energy infrastructure from their hands.

Nevertheless, Scott found a significant element of continuity. There remained an active group of investment trusts and merchant banks largely run by the traditional families and drawing their capital from money disinvested from industry over the previous generation. During the boom in oil exploration in 1970s they used their political clout, as well as the local input provisions of the licensing legislation, to secure partnership deals in a number of the oil exploration projects. Scott argued that in contrast to the English regions it was the presence of this core of financial institutions that maintained a distinctly Scottish strand of ownership and control.

John Firn began his research in the late 1960s with the support of the Scottish Council Development and Industry. This was at a time when the Scottish Council was still led by two key figures from the traditional business elite, Lord Clydesmuir,

head of the Colville family which had controlled Scotland's steel industry, and Sir William Lithgow, whose family had previously owned much of the shipbuilding industry. In 1970 the two men had launched the Scottish Council's Oceanspan project. This was a highly ambitious, but politically unsustainable, plan to redevelop central Scotland as a hi-tech engineering metropolis – bridging the oceans between America and Europe – on the basis of new technologies for cheap, high quality steel production. Firn's research, actively promoted by the Scottish Council, documented the degree to which Scottish manufacturing had already fallen under external control. Firn warned that a continuation of this 'branch plant' syndrome would see Scotland becoming no more than a platform economy, losing coherent internal linkages and become highly vulnerable to decisions taken by headquarters elsewhere. His conclusion was that policy had to be urgently re-directed to Scottish-controlled production – utilising, as proposed in Oceanspan, the continued existence of a viable core of traditional Scottish companies in engineering and shipbuilding.

What has happened since? Certainly not the redevelopment of a manufacturing economy based on Scottish engineering skills. On the contrary, over the past two decades economic growth has been driven by services not manufacturing. Indeed, a casual observer might be forgiven for believing that Scotland's economic problems have been largely solved by transition to a knowledge-based service economy. The dominant analysis, promoted both by the Scottish Executive and by leading Scottish financial institutions, celebrates the development of a dynamic entrepreneurial economy founded on the emergence of large Scottish companies in services and finance.

The most recent study by the Royal Bank, *Wealth Creation in Scotland*, examined the performance of the top 100 Scottish registered companies in 2003². This presents Scotland as now possessing a range of companies with a competitive edge at world level: 'Scottish firms are creating wealth more rapidly than their counterparts in the UK and Europe.' Compared to other smaller European economies, the report finds that Scotland has a disproportionate number of globally sized companies – more than Ireland, Denmark, Finland or Belgium. The two banks, the Royal Bank and the Bank of Scotland, are by far the largest, but a dozen other companies in energy, transport and oil-field services are presented as operating competitively at global level.

The study identified two main factors behind this transformation. One was privatisation and the other was external expansion and acquisition. The report finds that no less than 14 of Scotland's current top 100 firms, including seven of the top 20, originated very recently as a result of the privatisation of transport, electricity, gas and

the state-owned oil sector in the 1980s and 1990s. This process is credited with releasing assets that brought further investment by the banking sector and then fuelled fast expansion overseas. Overall the top 100 companies now generate, according to the Royal Bank study, the equivalent of 56 per cent of Scotland's GDP.

The main policy proposal arising from the report is the call for this process to be continued. More privatisation is needed if the momentum is to be maintained and more middle ranking firms grown to global size. Health and education are highlighted as the areas of greatest potential. In a preface written in May 2004 the Scottish Minister for Enterprise and Life Long Learning, Jim Wallace, talks of the importance of developing Scotland's corporate base 'in particular to increase the number of globally competitive companies'. The new edition of the Executive's economic policy *Smart, Successful Scotland* published in November 2004 reinforces this message: 'a key challenge is growing and sustaining businesses of scale'. 'We want to see more Scottish headquartered companies becoming truly global'. Where the 2001 edition had made a more general call for greater entrepreneurial dynamism, in particular increasing the number of new business start-ups and the creation of sector clusters, the stress is now on boosting Scotland's productivity by moving a greater number of large companies up to global levels of competitiveness.

The problem with these perspectives is that they conceal the real problems and offer solutions that make them worse. The great majority of the Top 100 'Scottish' companies are not Scottish. They are owned from outside Scotland, the bulk of their employees work outside Scotland and their profit income goes to external investors. They take money out of Scotland. And they invest it elsewhere. This is basically why Scotland's productivity is so low – and worsening compared to other countries – and why there is so little investment in Scotland itself. It is also why most ordinary people cannot recognise the smart, successful Scotland described by Jim Wallace.

This chapter will look first at the flawed assumptions of the Royal Bank study and argue that ownership and control by external financial institutions is in some respects more insidious than the branch plant phenomenon identified by John Firn. It will then examine recent changes in the Scottish economy as a whole, how it is owned and the resulting exposure to global capital. It will conclude by considering opportunities for democratic control and development.

Who Controls Scotland's Top 100 Companies and What Do They Do?

The Royal Bank study focused on the Scottish-owned core of the corporate economy.

It examined only *Scottish registered* companies or those with headquarters in Scotland – not companies operating in Scotland and registered elsewhere like Sainsbury or Rolls Royce. These firms were then ranked in terms of their ‘value added’: the combined total of what they laid out annually in wages, profits and investment. This was intended to show their overall contribution to the economy and provides the basis for the Royal Bank’s claim that this was equivalent to 56 per cent Scotland’s GDP. In fact, as has been demonstrated by the director of the Fraser of Allander Institute, Brian Ashcroft, the methodology of the Royal Bank report is badly flawed. Its use of value added fails to identify how much actually goes to Scotland. On the basis of available employment figures Ashcroft estimated that only 20 per cent of employees in the Top 100 companies actually worked in Scotland^v. Our own analysis of ownership found that only 8.1 per cent of the Royal Bank’s value added can be attributed to companies that are fully or mainly owned from within Scotland⁶. Most other companies are entirely or mainly owned externally. So with over 80 per cent of wages and profits going outside Scotland, the actual contribution of these companies to value added in Scotland cannot be more than 12 per cent of GDP. This does not mean that they do not control a much bigger share of capital assets drawn from Scotland. But it does mean that the benefit to Scotland is much smaller than that claimed by the Royal Bank.

Table I breaks down the Royal Bank’s 100 companies by types of ownership on the basis of significant share holdings – those that individually amount to more than 3

	Scottish Family	Scottish Family and Scottish Institutions	Scottish Family & UK & Overseas Institutions	Scottish Family & UK Institutions	UK Institutions	UK & Overseas Institutions	UK Holding Companies	UK Diversified	Overseas Holding Companies
Number of firms	9	4	1	2	5	21	20	2	36
Value added £m	£835m	£718m	£1119m	£710m	£563	£19,315	£4052m	£6585	£7068
Percent of total for Top 100 value-added	2.0	1.7	2.7	1.7	1.4	47.2	9.9	16.1	17.2

Table I: Analysis of the Royal Bank’s Top 100 by origin of ‘significant shareholdings’

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per cent of the total. Where more than 10 per cent of such shareholdings are attributed to the owning family – without any balancing institutional shareholdings of similar size – the company is allocated to Scottish family in the first column. Where there are balancing shareholdings amounting to 10 per cent or more from Scottish institutions, the company is allocated to the second column – and so on. It turns out that only nine of the top 100 companies are predominantly owned by Scottish families. This is against 56 companies that are entirely owned by holding companies based elsewhere in the UK or overseas.

In terms of value added the biggest concentration, 47.2 per cent, is in the column for ownership by UK and overseas financial institutions. The largest company by far is the Royal Bank itself with a value added of £10 billion. This is now the fifth biggest bank in the world as a result of its take-over of the NatWest group in 2000. Yet only 15,000 of its 113,000 employees are based in Scotland. The bulk of its retail banking is in England and Wales and it has subsidiaries in the US, Ireland and Europe. In 2004 its major shareholders included Legal and General, Barclays and the Spanish Bank Santander CH which had helped underwrite the purchase of NatWest. Since the merger the Royal Bank has been pursuing an aggressive policy of external acquisition. In 2003-2004 it spent £1.5 billion buying up six more US banks, £1 billion on a UK insurance company and £0.4 billion on a German subsidiary of the Santander Bank – £3 billion of new purchases on a total asset value of £49 billion. In 2005 it spent another £1.7 billion buying a five per cent stake in the Bank of China. Scotland's second biggest company, the Halifax Bank of Scotland, is the product of a takeover of the Bank of Scotland by the Halifax. Although the legal headquarters of the merged group remain in Edinburgh, only 17,000 of its 64,000 employees work in Scotland. It is also pursuing a vigorous policy of external acquisition.

The origins of both banks go back to the very beginnings of Scotland's commercial economy. By contrast, fourteen of Scotland's top 100 companies emerged from the privatisations of the last twenty years and some of them, like Stagecoach, have cultivated a rags to riches image. In all cases, however, the story is somewhat more complicated. Stagecoach emerged as a small bus company during the bus deregulation of the 1980s. Yet it was only in 1989 after securing financial backing from Edinburgh merchant banks and investment trusts that it had the money and political connections needed to pick up the public assets and subsidies which bankrolled its further progress. It has also pursued a policy of aggressive overseas acquisition, particularly in the US and the Far East. Today only 2,000 of its 38,000 employees are in Scotland. Apart from the Souter family's 26 per cent holding, major share-

holders include Barclays (4.09 per cent), Marathon (4.35 per cent), Merrill Lynch (3.12 per cent) and Legal and General (3.07 per cent). Noble Grossart Director Ewan Brown has sat on its board since its launch as a public company. The other privatised transport firm, the Aberdeen-based First Group, has similarly expanded far beyond Scotland. Today only 4,500 of its 57,000 workers are Scottish-based. The same pattern can be found for the three big energy firms, Scottish and Southern, Scottish Power and British Energy. All have more than two thirds of their workforce outside Scotland. Both Scottish Power and Scottish and Southern have major investments in the US. British Energy, which took over nuclear generation and receives massive subsidies from the British Government, has a particularly heavy investment by US life funds.

This externalisation of investment and ownership is maintained even for the smaller Scottish registered companies at the bottom of the list. The plastics and

Institution	Number of significant holdings
Legal and General	16
Prudential	9
FMR Corporation and Fidelity	6
Barclays PLC Global Investment	5
Schroder Investment Management	4
Artemis Investment Management	4
Capital (Group Incorporated)	4
Invesco	3
Standard Life	3
Aberforth	3
Axa Sun Life	3

Table 2: Financial Institutions with holdings in three or more of the Top 100

textiles firm Low and Bonar has only 180 of its 2,000 employees in Scotland. Its shareholders include Schroder Investment Management 24 per cent, Liontrust Investment Funds 5.5, AFL Fjarfestingfelag 5.0, Prudential PLC M&G 4.6, British Airways Pension Fund 3.9 and Legal and General 3.7. British Polythene Industries have 400 of their 3,000 employees in Scotland. One of their major shareholders is another Scottish firm, the Macfarlane Group, with 11.2 per cent, but City of London institutions hold a combined total of nearly 20 per cent.

If we look at the 35 Scottish companies that are neither subsidiaries of external holding companies nor private firms, we find repeated shareholdings by a relatively

limited number of financial institutions (Table 2). Of these only one, Standard Life, is owned from within Scotland. The bulk are based in the City of London, three are American and one is French. The most prolific, Legal and General, has holdings in 16 of the 35 Top firms.

However, lest we forget, an actual majority of the Top 100, 56 firms, are owned outright by external holding companies and it is very instructive to note the sectors in which these firms are located. By and large, they are not in services, but in the high value productive core of the Scottish economy. They include all four computer and information technology companies in the Top 100, 18 of the 24 companies in oil and gas and all four companies in pharmaceuticals and health products. For aerospace, computer software and paper there is one company in each sector within the Top 100. All are owned by external holding companies.

So, for the Scottish corporate economy as a whole, we find the great bulk of ownership is external and most employment is also external. The productive core is largely dominated by subsidiaries of external holding companies. For the Scottish-based firms in services most are dominated by externally owned shareholdings and the main focus of their new investment is external – and much of it devoted to buying other companies rather than investing more directly.

Of course, the existence of large external shareholdings does not necessarily mean external control. The Royal Bank would argue that it is only as a result of such investment that these companies can grow to global scale and enable Scotland to take advantage of global headquarters, services and expertise. There is certainly some truth in this. But it also misses the main point. Dominant shareholders set agendas. In a period when these financial institutions themselves face difficulties, there has been an increasingly insistent pressure for a short-term maximisation of shareholder value. Managers have to deliver. And growth and profitability, as the Royal Bank report itself notes in a very revealing comment, now largely depends on external investment and acquisition because of the 'relatively small size of the domestic economy'^{vii}. This particular perspective is historically rather new. In the past Scottish companies saw themselves as dominating world markets through investment in skills and high quality output in Scotland itself. In the next section we see the rationale for this change of perspective – and its consequences – when we examine how these major Scottish registered companies fit into the wider Scottish economy.

What has Happened to Scotland's Overall Economy Since the 1970s?

The recent past has witnessed an unprecedented pace of change in the Scottish economy. Industries which had been dominant for the previous two centuries all but vanished in the fifteen years after 1980. Textiles, coal, steel, shipbuilding and heavy engineering have been reduced to no more than a handful of workplaces. 400,000 manufacturing jobs were lost. The same period also saw the rise of an almost entirely externally owned electronics industry. By 2001 it was employing 55,000 people and producing almost half of Scotland's manufactured exports. Yet within a couple of years its output had fallen by 40 per cent and 15,000 of the jobs had gone. Of the traditional areas only food and drink has remained relatively unscathed with 51,000 workers in 2002, a fifth of the total remaining for manufacturing. Apart from the 40,000 still in IT and electronics, the main surviving employment groups in manufacturing are chemicals, refining and plastics with 28,000 and metal manufacture and fabrication with 26,000^{viii}.

Counterbalancing the contraction in manufacturing there has been a major expansion of the service economy – most rapidly in hotel, catering and distribution, finance and social services. On paper at least, the rise of the finance sector, tourism and distribution has more than made good the loss of jobs in manufacturing (Table 3).

Sector	1973	2003
Agriculture and Fisheries	50	38
Manufacturing	676	263
Construction	170	122
Mining, gas and water	62	42
Distribution, hotels and rest.	242	546
Other Services	883	1,139 (of which finance 378)
Total	2,084	2,278

Table 3: Employment by sector (thousands)⁹

How far has ownership changed over the same period? On this there is only limited information. The studies by John Firn and Michael Cross were restricted to manufacturing and used the database compiled by the Scottish Council Development and Industry which covered plants not enterprises and only provided comprehensive data on workplaces with more than ten workers. Current data produced by the Scottish Executive refers to enterprises and uses information from

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	Scottish	Rest of UK	Abroad	Total
1973 Firm	243,440 (41)	235,050 (40)	112,110 (19)	590,700 (100)
1977 Cross	202,562 (36)	248,267 (44)	110,354 (20)	561,183 (100)
2003 SE	148,390 (58)	49,210 (19)	64,770 (23)	255,370 (100)

Table 4: Ownership in Manufacturing: numbers of employees in plants/enterprises¹⁰

PAYE and VAT registrations and the Family Income Survey to cover all units including the 0-9 employment range and the self-employed. For this reason a comparison of the two sets of data, presented in Table 4, appears to show a big increase in Scottish ownership between 1977 and 2003.

Ownership	Scottish	Rest of UK	Abroad	Total
Plants with 200+ employment in 1977	91,900 (24)	210,367 (54)	85,802 (22)	388,069 (100)
Enterprises with 250+ employees in 2003	45,230 (33)	38,800 (29)	50,750 (38)	134,780 (100)

Table 5: Employment in large manufacturing plants/enterprises by ownership 1977 and 2003¹¹

To secure a more realistic comparison Table 5 restricts the size levels to plants with more than 200 employees in 1977 and enterprises with over 250 employees in 2003. This shows that within a much smaller workforce the proportion of those

Total '000s	Percent			Total '000s	Percent	
Ag, forest and fisheries	56	96		Hotels and Rest	149	72
Mining, quarry, oil	25	26		Transport	116	50
Manufacturing	255	58		Financial Intermed	108	59
Elect, gas, water	17	82		Real Est, Business	259	39
Construction	107	83		Education	73	97
Motor trade	43	84		Health and Social Work	109	80
Wholesale trade	67	65		Other Social Services	94	82
Retail	242	42		Total	1,725	58

Table 6: Employment in enterprises by sector: Total employment and percentage of Scottish ownership 2003¹²

employed in the rest of UK owned enterprises has indeed fallen very sharply – reflecting the disappearance of UK owned branch plants – while there has been a big increase in the proportion of employment in overseas owned enterprises. As noted earlier, externally-owned subsidiary companies now appear to hold a dominant position within manufacturing – at the same time as much of the employment in the “Scottish sector” is also within companies where the bulk of shares are externally owned.

Table 6 examines ownership in 2003 across all sectors of the Scottish economy using Scottish Executive statistics. It includes self-employed and small enterprises with one or two employees. Predictably this shows particularly high levels of Scottish ownership in agriculture, the motor trade and construction. Equally predictable is the low level of Scottish ownership in the oil sector (with mining and quarrying) – although the low level in business is perhaps less predictable.

Table 7 looks only at large enterprises with 250 and over employees¹³. This shows that the highest level of Scottish ownership is in financial intermediation – principally the two big banks – and in the construction industry. Retail is dominated by

the five big UK-owned supermarket chains. Large enterprises in hotels and restaurants also show external dominance by UK chains.

	Scottish	Rest of UK	Abroad	Total employment
Manufacturing	33	30	37	100 (133,140)
Construction	43	44	13	100 (32,190)
Retail	12	71	17	100 (162,690)
Hotels and rest.	23	52	25	100 (51,930)
Transport, storage, communication	33	52	15	100 (76,310)
Financial intermediation	60	29	11	100 (97,690)
Real estate and Business	34	30	35	100 (120,890)

Table 7: Employment in 250+ employee enterprises: percentage by ownership 2004

So, overall, the picture seems to be that in manufacturing external ownership is high. It is also so in retail, hotels and business. Elsewhere Scottish companies hold their own – although even here the dominant shareholders will in general be external, mainly City of London, institutional investors.

Does it Matter?

It might well be claimed that this picture is exactly what one would expect in a globalised economy and that exposure to external competition, deregulation and privatisation has been entirely beneficial. It has resulted in the transfer of new technologies and business skills into the economy, transformed the environment for domestic entrepreneurship and injected significant amounts of capital. Without these changes it would have been impossible for Scotland to have survived so well in the face of the collapse of old style heavy industry.

While such claims are superficially plausible, they are ill-founded, not sustained by research and conceal the basic problems faced by Scotland's economy

There is altogether no evidence that the last two decades have seen a significant rise in entrepreneurial activity as measured by small firm formation. Michael Cross's research in the 1970s was intended to explain why Scotland had relatively less small firm formation than the West Midlands. In the 1980s Scotland, in common with the rest of Britain, did see a sharp rise in self-employment – largely in the context of mass unemployment and the deregulation of the construction industry. But today the level of small firm formation in Scotland is lower than it was in the early 1980s and a fifth lower than the British average¹⁴.

There must also be a considerable question mark over how far the Scottish Executive statistics on the numbers of small firms do in fact reflect the existence of a viable and growing stratum of Scottish small and medium businesses. Our own research sought to examine every single firm, however small, in three closely defined areas: textile spinning, whisky and energy production. The first was chosen because it was in a declining but traditional Scottish sector; the second as a buoyant Scottish sector and the third as a privatised service area that included the potentially new and dynamic area of energy generation from renewable sources. Each area included – on paper – a large number of Scottish registered firms.

The results for these three areas indicated that only a tenuous and weak presence for Scottish owned firms, whether large or small. Of the 96 firms on the register in energy production, including renewables, there appeared to be only four active firms that were Scottish-owned and controlled. All were small. The field was dominated by subsidiaries of large externally controlled energy firms or by the big three Scottish energy PLCs. An outright majority of the firms on the register were found to be dormant or non-operative. In spinning textiles there were only five Scottish

owned firms out of twenty four active – although there were additionally 38 registered firms that were either dormant or non-operative. In whisky only 30 per cent of turnover of Scottish registered firms was found to be in companies that are Scottish owned and controlled firms while two of the biggest producers, Allied Domecq and John Dewar, are registered outside Scotland. Here again, with only six Scottish out of 24 active firms, there was little evidence of vibrant domestic entrepreneurship¹⁵.

This may well be, and probably is, because all these sectors are, like most industries, dominated by relatively few large companies. Nevertheless, the case for a positive transformation in Scottish entrepreneurship remains altogether unproven. Indeed concerns must exist as to how far there exists a viable environment for small business in a number of sectors¹⁶.

However, it is when we look at levels of business investment in research and development that we find the most damning evidence against the Royal Bank analysis. Today, after two decades of neo-liberal deregulation, the *average* level of business investment in research and development in Scotland is one *third* of that at British level, which is itself one of the lowest of any OECD country¹⁷. Germany spends more than three times as much per employee as Scotland; Finland four times and Sweden five times. When one looks at the variations *within* the Scottish economy the figures become even more revealing. In the externally owned IT and electronics industry – a branch plant economy which uses Scotland as a platform for exports to Europe – the level of expenditure in 2000 was £7,922 per employee, almost three times the industry rate for the UK. By contrast, spending per head in services was £78, less than a third of the average spending in services for the UK as a whole. As we saw earlier, banking and privatised utilities are precisely the areas where Scottish registered companies are dominant – even though the ownership of their capital is largely externalised. While Scotland is home to three of Britain's biggest energy supply companies, Scotland spends only 0.4 per cent of the UK total for research and development in this sector. Although it has two of the biggest privatised transport companies, spending is only 0.1 per cent. It is also reflected in the character of the Scottish labour market – with the continuing growth in largely low skilled and part-time jobs: 25 per cent of the total in financial services, 40 per cent in other services and 49 per cent in distribution. Scotland's average earnings for full-time employees are now 10 per cent below the British average¹⁸.

It is at this point, when we consider the drastic lack of investment in manufacturing, that the significance of the Royal Bank comment on external acquisition should

become apparent. The Royal Bank's perspective for growth is not based on manufacturing, but on services. This is why it says that growth in Scotland is limited by the small size of the internal market. Services such as energy supply, transport, communication and the privatised maintenance of schools and hospitals serve geographically specific territories and do not grow by exporting commodities. Growth will depend on securing new territories. So while global competitiveness in manufacturing will mainly depend on domestic levels of investment in capital, skills and research and development, this is not necessarily the case in services. Fast growth can be secured, initially at least, by lateral expansion into other economies on the basis of economies of scale, stripping out valuable property assets and fairly ruthless intensification of labour.

It is, however, a very risky long-term strategy even in services. The UK as a whole has low levels of productivity in its service sector compared to the US – and Scotland's productivity in services is significantly below the UK average. Ramshackle overseas empires of transport and energy franchises and retail banking can easily fall apart and, as with Scottish Power, who themselves became victims of external predators. Yet this is precisely the path followed over the past fifteen years by Scotland's 'global' companies in a bid to satisfy institutional pressures to maintain the momentum of their profitability and growth. In doing so, a massive volume of investment has been diverted overseas, investment that might otherwise have served to bridge Scotland's cripplingly poor record in capital investment and R&D. We have already disputed the Royal Bank claim that its Top 100 firms generate the equivalent of 56 per cent of Scotland's GDP. In fact, this figure is probably a more accurate reflection of the amount of Scotland's disposable capital they control. The problem is that they have – largely over the last fifteen years – invested 80 per cent of it outside Scotland.

It is on this basis that the current type of external institutional ownership can be described as more damaging and insidious than the branch plant ownership that marked the 1970s. At least the earlier strategy was to manufacture here and sell abroad, thereby generating employment in Scotland. The new strategy is simply to invest abroad and mainly in services rather than in manufacturing. Still today Scotland's externally-owned IT plants show up as having very high levels of R&D expenditure and without this expenditure the average for Scottish manufacturing would have fallen far below one third of the UK average. Moreover, these plants also had the advantage of being able to access even higher levels of R&D expenditure in their home countries. The Scottish Executive report on R&D itself comments that despite the lower investment 'labour productivity in the manufac-

turing sector is not lower in Scotland than in the UK. In other words, the fruits of R&D elsewhere are imported into Scotland¹⁹. The problem with these branch plants is not low investment, but the fact that they can be closed so easily – as happened in the 1980s and again in electronics after 2001. As was noted by Jim Brown, International President of GE Health Care (previously the privatised Amersham Biosciences) Scotland's future cannot reliably depend on foreign investment. Yet currently Scottish-based capital was not investing in Scotland's science potential: 'because of a lack of funding and a lack of confidence by investors to take risks'²⁰.

The Financial Sector

When John Scott conducted his research on ownership and control in the 1970s he argued that the continued existence of a financial sector with significant Scottish control still provided the basis for a degree of coordinated Scottish intervention within the economy. In the nineteenth and early twentieth centuries Scotland's investment trusts had been used as vehicles for foreign investment by the owners of industry and commerce – preferring to diversify their income rather than over-invest in domestic industries. As these families disinvested their industrial capital after 1945, and especially after the 1960s, Scotland's financial sector became the main hub of activity for the Scottish business elite. It gave them an independent base from which to intervene in the financing of North Sea oil ventures and later in the 1980s in the privatisation of services.

How far then does Scotland's financial sector still play this role – and how far has it too fallen under the dominance of more powerful financial centres elsewhere?

Historically, the financial sector has always been very important to the Scottish economy and that remains true today. The sector directly employs 5 per cent of the nation's workforce and contributes between 7 and 8 per cent to Scotland's GDP²¹. It manages around £320 billion in funds – which makes it the sixth biggest centre in Europe and the fifteenth biggest in the world.

In order to analyse the 'Scottishness' of the sector we divided it up into five smaller sectors: banks, fund managers, insurance companies, life assurance, and banking services. Firms in each sector are listed in order of the number of employees they currently have in Scotland (Table 8)²². The 'big two' banks in Scotland obviously heavily dominate the banking sector and it could be said the financial sector as a whole. Between them, HBOS and the RBS group employ over 31,000 members of

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Banks	HBOS RBOS Group Intelligent Finance	Standard Life Bank		HSBC Bank Lloyds TSB Bank Barclays Bank Tesco Retail Bank Alliance & Leicester Scottish Widows Bank	National Australia Group Europe
Banking Services					Morgan Stanley State Street Bank J P Morgan Bank of New York
Insurance Comp- anies	Direct Line Insurance Esure Clerical Medical HBOS			Norwich Union Kwik Fit Insurance Co-operative Group (CWS) Ltd Royal & Sun Alliance	Axa Insura Zurich Personal Insurance Allianz Cornhill
Life Assu- rance	Standard Life		Scottish Widows Investment Partnership Abbey National Scotland Prudential (Scottish Amicable) Royal London Group (Scot Life)		Aegon UK
Fund Man- agers	Adam & Co. Investment Manage- ment	Standard Life Investments Baillie Gifford & Co. Walter Scott & Partners SVM Asset Management Glasgow Investment Managers	Aberdeen Asset Management Martin Currie Alliance Trust Scottish Investment Trust	Scottish Widows Investment Partnership Britannic Asset Management Abbey National Asset Managers Artemis Unit Trust Managers ISIS Asset Management Aegon Asset Management	Franklin Templeton First State Investment Managers Blackrock International Newton Investment Management

Table 8: Ownership of the main Scottish Financial Institutions

staff in their banks in Scotland and this figure rises to almost 34,000 when Intelligent Finance (part of the HBOS group) is added. This figure is approximately treble that of the other eight banks on the list, most of whom are Scottish subsidiaries of UK-based banks. The two exceptions are National Australia Group Europe (owners of the Clydesdale Bank) which has an overseas holding company and Standard Life bank, a subsidiary of the mutual assurance company and the only other bank on the list which could claim to be 'Scottish-owned'. Looking at the second sector, banking services, we find that large US financial institutions make up the whole list. Morgan Stanley, State Street, J.P.Morgan and the Bank of New York employ a combined total of 2,500 workers across Scotland.

The most critical area, however, in terms of a traditionally Scottish area of expertise, is that of fund management. This is split between the life assurance companies and the specialist fund managers and investment trusts. The insurance companies manage the bulk, £250 billion, with the specialist fund managers and investment trusts controlling the remaining £70 billion.

Today only one of the six life assurance companies can be considered Scottish, the mutual Standard Life. This manages just under a third of the total for all the life assurance companies in Scotland, £70 billion. Among the investment trust managers ten of the twenty firms are Scottish. There are four Scottish public companies – all of which have substantial UK and US institutional shareholdings – one a subsidiary of RBS, one of Standard Life and four partnerships. The biggest of these partnerships, Baillie Gifford, manages £27 billion, about a third of the total for specialist fund managers. However, the bulk of the funds in this sector is also managed by subsidiaries of UK and overseas holding companies.

How then, has the sector changed since the 1970s? The biggest single shift has been in the ownership of the life assurance companies. Then there were five Scottish companies in the British top 50. Now only the largest, Standard Life, remains. Scottish Widows, General Accident, Scottish Amicable and Scottish Provident have all been taken over. In banking the Royal Bank group and the Bank of Scotland have both survived as Scottish headquartered companies, but only as a result of mergers that have decisively shifted the main focus of their activity away from Scotland. Among the specialist fund managers a core of Scottish firms remain, Baillie Gifford, Martin Currie and Aberdeen Asset Management being the biggest. But a number of previously key Scottish firms are now subsidiaries, Ivory and Sime (ISIS) of the City of London F&C and Artemis of the Dutch ABN AMRO.

In the 1970s Scott and Hughes described the Scottish financial sector as being a satellite of London, but one that had the ability to act with a degree of autonomy. At that time they found a high level of interconnection at Director level between the investment trusts and the insurance companies and a resulting ability to mobilise large amounts of capital for specifically Scottish projects, particularly intervention in offshore oil exploration. Some level of overlap still persists today. Yet it is much more circumscribed. The number of Scottish fund managers is smaller and the loss of the assurance companies has removed access to the really big money. Among the public companies the size of external institutional holdings has increased and the scale of external scrutiny has become stronger – most vividly demonstrated by the presence of two Directors of a US life fund on the board of Aberdeen Asset Management.

So while Scotland possesses a financial sector that is far bigger than that of any other regional centre in Britain, and is also big by European standards, the scope for autonomy is significantly reduced. The survival of the sector has depended in part on the overall growth of finance at British level since deregulation, in part on the investment opportunities provided in the North Sea and in separate Scottish privatisations and in part on the wider expertise that this activity generated. Now, however, financial services at global level are consolidating and the opportunities of major new developments in the North Sea oil and from privatisation are limited. Scottish financial managers have to rely much more on playing the global markets more smartly, cheaply and successfully than their counterparts elsewhere.

Finally, therefore, how does the activity of the financial sector link up with the wider problems identified within the Scottish economy?

If we look at the investment profile of the Scottish finance sector we find that around 70 per cent of their funds are invested in UK companies (though most of this will not be *in the UK itself*)²³. In general, Scottish investment managers will tend to invest more in Scottish companies because this is an area on which they are likely to have better information than competitors elsewhere. But it will be by a relatively small margin. As we saw, only Standard Life appeared in our list of the top ten investors in the Scottish companies covered by the RBS study. On the other hand, because they are likely to have an advantage in identifying what is potentially profitable, Scottish fund managers will view the Scottish company sector as one in which they have proprietorial interest. They will want to see it flourish and expand.

The problem is, as we noted in the Royal Bank's comments, *how?* With institutional

investors seeing short-term profitability as essential for their own growth and survival, the pressure is on for quick results. So, although most of their investment will be in UK and Scottish companies, these companies themselves will tend to invest the money where the profit yields will show up most quickly. The consequence is what we see today: a few giant Scottish companies operating globally, combined with desperately low levels of investment in long-term research and productive capacity in Scotland. It is a process that unfortunately feeds on itself. As the overall productive infrastructure in Scotland runs down, so investors and companies will be even more inclined to look for profits elsewhere. It is certainly not a sustainable course – as was recognised by the Local Futures report published by Scottish Enterprise in December 2004²⁴. But without some form of intervention from government, it is difficult to see it being reversed. Market pressures are compelling institutional investors to adopt progressively more speculative and short-term investment tactics.

Conclusion

Ownership and control is therefore vitally important. We have shown that the great bulk of Scotland's big companies are entirely or mainly owned from outside Scotland. In terms of the productive core of manufacturing, controlling the bulk of Scotland's exports, most are entirely owned from elsewhere and depend on research and development conducted in other countries. In terms of smaller Scottish companies there is no indication that the decades of neo-liberal deregulation has created a new environment for entrepreneurship. On the contrary, intensified competition and monopolisation have made it more difficult for such companies to survive. Privatisation has indeed created a new generation of large companies. But their predominant ownership is external and their investment is overwhelmingly external. Public assets in Scotland have been largely used for purposes that will not benefit the Scottish people or the Scottish economy in the long run. And, to make matters worse, Scotland's large financial sector is itself locked into this syndrome.

In his contribution to the 1975 Red Paper John Scott warned that devolution would be illusory unless a way was found for dealing with the concentration of economic power and policy making at the level of the City of London and their financial partners in Scotland. 'The financial elite constitutes the core of Scotland's interior bourgeoisie: its members are in effective control of local capital, but are tied by links of mutual dependency to English and American 'metropolitan' capital – such is the nature of Scotland's satellite economy'²⁵. As we have seen, the past thirty years have witnessed an even greater concentration of power in the hands of institutional

investors, mainly based in the City of London.

The question of alternative forms of democratic ownership is dealt with elsewhere in this volume – particularly in Richard Leonard's chapter *Towards a New Economy in Scotland*. It is, however, important to sum up three important implications of what we know about ownership and control for the process of political intervention.

The first is the degree to which control within the Scottish corporate sector is exercised through the use of pension funds. The investment bankers who mainly control these funds have made particularly poor use of them on behalf of future pensioners (though not necessarily for the investment banks themselves)²⁶. Pension contributors are now shifting their savings back towards the "second" contributory state pension and there is very strong political sentiment that this second pension should become the principal channel for pensions alongside an enhanced statutory pension. The trade union movement in particular is spearheading this campaign. If these demands for the reorganisation of the pensions sector are carried through, it could place a major additional income stream in the hands of government. Elsewhere in Europe governments have used such funds to build up strategic holdings in major companies. Properly used, and with proper safeguards, this would give government, as an increasingly major shareholder, a decisive say in ensuring that companies invest strategically for long-term growth rather than short-term profit maximisation. Over the past fifteen years the increasingly speculative use of pension funds has been a particularly destabilising factor within the economy²⁷. Ensuring an effective productive base in England, Wales and Scotland must be seen as an essential part of the new public sector stewardship. Without such a base, one that enables the next generation of workers to be effectively employed in these countries and contribute both to their tax base and to the cost of pensions, the future of all pensions will be at risk²⁸.

The second point concerns the privatised sector. As we saw, privatised utilities now comprise over a third of Scotland's biggest companies. They have been among the most active in taking investment out of Scotland, have proved, as is also demonstrated elsewhere in this volume, remarkably poor stewards of the services they are meant to provide and have failed particularly in the area of R&D. They are also very highly dependent on government subsidy and government regulated pricing. For rail and bus transport and energy (gas, electricity, oil and coal) a very strong case exists for taking them back into public ownership. This again requires political action at British level – though the resulting forms of public ownership would often be most appropriately at local government or Scottish level. With govern-

ment bonds used to compensate shareholders, there seems no economic reason why this transfer could not be achieved relatively easily. This would restore to government the same powers that exist in other European economies to develop strategic concentrations of skill and investment and to ensure productive synergies with the corporate sector.

The third point concerns the dependence of major sectors of the corporate economy on public procurement. This is particularly so for medical products and pharmaceuticals and arms production – both significant components of the Scottish corporate sector. The existence of a substantial sector of utilities in public ownership would further extend the leverage provided by public procurement.

Combined together, the control of pension funds, the restoration of a significant public utilities sector and the use of public procurement would place very considerable power in the hands of government. While detailed arguments for such policies cannot be developed here, it is important to stress that governments are not powerless in the face of the market and that elsewhere in Europe governments have used such powers very effectively to enhance productivity and innovation²⁹. With coordinated policies at Scottish and British level, such interventions could also ensure that strategic concentrations of investment were made and that this investment was anchored in a way that systematically increased the productive potential of the Scottish economy. However, such a course will also depend on first addressing the political and class issue of *who* should control our economy.

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12 Scottish Corporate Statistics Table 2b, August 2004. Totals for some sectors, notably agriculture and fisheries, differ from those in Table 3 taken from the Scottish Economic Report for 2004 - apparently because of different classifications of employment status.

13 Table 2b. In agriculture, mining, electricity and water, education, health and social services information is withheld because of confidentiality constraints imposed by the small number of 250 plus enterprises.

14 *Scottish Economic Report*, September 2003 p 77 shows business start-ups in Scotland at the end of the 1990s at a lower level than in the early 1980s as well as much lower than in London and the South East. The study by Jonathan Levie of the Hunter Centre for Entrepreneurship found 5.2 per cent of the working age population running early stage firms in 2004 as against 6.4 per cent for the UK and 11 per cent for the US: *Herald* 21 January 2005.

15 Baird, Foster and Leonard, *Quarterly Economic Commentary*, November 2004.

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Union Membership, Collective Bargaining and Union Mobilisation in Scotland

Professor Gregor Gall¹

Introduction

Union membership, union recognition and collective bargaining, as measures of union strength, have often been widely assumed to be not only more prevalent and persuasive in Scotland than elsewhere in Britain, but the outcomes flowing from them are believed to be more favourable than those found elsewhere (see, for example, Ferry (1975:98), Hobsbawm (1969:308), McGrath cited in Harvie (1998:167) and Young (1990:67)). This chapter examines the 'record' of workers in Scotland on these measures to consider the case for trade unionism being stronger than that found elsewhere in Britain. An examination of a number of other essential features of trade union strength in Scotland, such as strike and industrial action activity, employer opposition to union recognition and the extent of 'partnership' agreements, can be found in Gall (2005).

Union Membership and Union Density

Table 1 would seem to confirm the view of greater union strength, by dint of union density, in Scotland compared to England. But this is clearly not so when Scotland is compared to Wales or Northern Ireland, regions not renowned for union strength or union militancy.

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
England	31.1	30.4	29.1	28.6	28.6	28.4	27.8	27.8	27.9	27.5
Wales	44.7	41.6	42.8	41.3	39.4	40.2	39.0	39.6	38.3	37.0
Scotland	39.0	36.7	36.5	35.6	35.3	35.2	35.3	34.2	35.5	33.2
N. Ireland	40.8	42.4	37.8	40.9	37.3	37.4	41.2	41.6	39.4	39.3

Table 1: Union Density (%) by 'Nation', 1995-2004, Source: Grainger and Holt (2005:16).

Given the much greater size of the populace and workforce in England compared to those found in Scotland, Wales and Northern Ireland, it is more useful to compare Scotland to other government regions within England, where there is a comparability in terms of size and scale, alongside Wales and Northern Ireland. For example, England contained in 2004, 5.857m union members (81% of all union members), whilst Scotland contained 0.697m union members (10%), Wales 0.409m (6%) and Northern Ireland 0.229 (3%) (Grainger and Holt 2005:16). Moreover, there exists considerable internal homogeneity between regions within England in terms of industrial structure, workforce composition and political heritages, so again it is more useful to compare Scotland to other government regions within England alongside Wales and Northern Ireland. Thus, Table 2 shows that between 1989-2004 union density in Scotland, relative to other regions, has remained as one of the regions with the highest union density (around the third or fourth highest) and usually some 5%-6% higher than the British national average. However, the regions of Wales and the north-east and north-west of England are as high, if not higher, although the East and West Midlands slipped out of the 'top table' and Northern Ireland registers as highly unionised. Martin *et al.* (1996:56) are struck by a: 'clear division between a more unionised north and a less unionised south ... and east'. ACAS (1995:8) suggest that the higher propensity to unionisation in Scotland may be related to: 'Scottish workplaces to be in the public rather than private sector and a lower incidence of manufacturing establishments in Scotland' and the: 'proportion of manual workers [being] higher in Scottish workplaces' (ACAS 1995:7). The same is true of other regions with high union density. In making these comments, ACAS alluded to the important role that employers have, both historically and currently, in encouraging and sustaining union membership and density by the personnel policies they adopt such as facilitating union recruitment by disclosing staff lists, operating check-off and so on. Employers that encourage union membership do so for reasons of self-interest such as the efficiency of dealing with a single representative of workers rather than workers individually and the legitimacy that accrues from this.

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Year	Scot and	G'tr Ldn	Rest of SE Eng	East Angl ia	SW Eng	W Mids	E Mids	York & Hum ber	NW Eng	NE Eng	Wal es	NI	Brita in
2004	33 (5th)	25	23	25	26	28	27	31	35	35	37	39	29
2003	35 (4th)	25	21	23	26	29	29	32	34	38	38	39	29
2002	34 (4=)	25	21	23	26	30	28	32	34	38	40	41	29
2001	35 (4th)	26	22	22	26	30	28	31	34	39	39	40	29
2000	35 (3rd)	25	23	n/a	26	30	30	32	26	40	40	n/a	29
1999	35 (3rd)	27	22	n/a	26	31	30	34	34	40	39	n/a	29
1998	35 (4=)	25	22	25	27	31	29	33	35	40	40	40	29
1997	36 (5th)	27	21	25	27	31	29	34	37	40	43	42	30
1996	36 (5th)	27	23	25	28	32	32	35	38	42	41	41	31
1995	39 (3=)	30	23	26	27	33	32	35	39	42	44	39	32
1994	39 (4th)	n/a	27	27	28	36	32	36	40	43	46	n/a	33
1993	41 (4th)	n/a	28	29	30	35	36	38	42	45	46	n/a	35
1992	41 (4th)	n/a	29	29	31	38	35	40	43	46	43	n/a	35
1991	43 (3=)	n/a	30	28	32	40	39	42	43	51	46	n/a	37
1990	45 (3=)	n/a	30	28	33	41	39	42	45	52	48	n/a	38
1989	46 (4th)	n/a	31	29	33	43	40	45	47	53	48	n/a	39

Table 2: Union density (%) 1989-2004: Regional Breakdown,
Source: Labour Market Trends/Employment Gazette (various)²

When the above rather bald data is broken down into a number of factor variables (see Table 3) with regard to gender, age, sector, workplace size and employment status for the years 2003-2004, a broadly similar picture emerges with Scotland's position to be found ranging from the upper half of the 'league table' to just outside the upper quartile. In common with many, but not all other regions, Scotland records falls in density by factor variables between 2003 and 2004. Aside from inter-regional comparisons and inter-year comparisons, one cannot but help be

	Scotland	London	SE England	E England	SW England	W Mids	E Mids	Yorks & Humberside	NW England	NE England	Wales	N Ireland	Britain
Men													
2004	32.0	23.2	22.6	25.4	26.1	28.0	26.8	27.8	35.4	34.5	37.6	38.2	28.5
2003	35.6	23.4	22.0	23.6	27.1	29.6	27.4	36.3	35.9	39.5	39.2	39.0	29.4
Women													
2004	34.3	26.4	23.0	23.9	25.7	28.2	28.1	31.2	34.0	35.3	36.4	40.3	29.1
2003	35.4	28.5	21.5	23.6	24.9	28.4	29.7	34.0	32.4	37.0	37.4	39.8	29.3
Age													
16-24													
2004	10.3	9.0	7.3	7.7	7.5	6.7	7.0	11.1	12.8	12.2	16.7	18.7	9.7
2003	13.6	6.4	6.6	8.4	7.1	11.9	8.8	12.7	13.1	17.1	14.0	21.0	10.6
25-34													
2004	28.1	17.5	21.0	19.9	23.0	25.7	27.2	26.6	30.8	29.8	37.9	39.3	25.1
2003	32.1	20.8	19.8	21.1	24.7	24.3	26.1	30.2	26.9	34.1	36.9	35.8	25.6
35-49													
2004	42.0	30.8	26.3	30.4	30.9	33.1	31.6	37.4	42.1	42.0	42.4	46.0	34.7
2003	41.7	31.4	24.8	28.0	31.2	35.8	34.7	38.9	43.5	42.8	47.4	47.9	35.5
50+													
2004	38.6	33.2	28.3	30.2	31.3	35.1	33.3	35.5	41.5	43.1	41.5	43.2	34.7
2003	43.0	36.0	27.7	28.5	31.6	32.6	33.5	39.2	40.2	48.6	41.8	44.1	35.3
Sector													
Private													
2004	18.7	12.9	13.3	15.1	15.8	17.8	16.3	19.1	22.9	20.6	22.8	21.6	17.2
2003	21.4	14.4	13.4	14.9	16.0	18.9	18.0	20.5	23.5	24.6	24.0	22.4	18.2
Public													
2004	63.8	55.9	51.4	51.9	53.4	57.7	59.2	59.4	64.3	66.2	66.9	69.9	58.8
2003	66.2	57.5	48.7	49.5	53.4	59.5	62.2	63.6	61.7	69.4	66.3	68.6	59.1
Employment Status													
Full-time													
2004	36.3	26.4	24.8	26.6	28.0	30.7	29.8	33.4	38.8	38.4	41.9	43.0	31.5
2003	38.5	27.1	23.7	26.6	28.7	32.5	30.8	32.4	38.3	43.4	42.9	43.8	32.3
Part-time													
2004	23.9	18.0	17.5	19.3	21.1	21.0	21.1	22.9	22.8	24.4	23.5	27.8	21.1
2003	27.1	20.7	16.5	16.1	19.7	19.4	22.4	33.2	22.5	24.7	25.9	24.0	21.1
Workplace size													
<50													
2004	24.1	16.0	13.6	14.6	16.6	16.0	18.1	19.4	20.9	22.0	23.8	27.4	18.3
2003	25.9	17.4	14.1	15.5	15.4	17.6	19.6	22.2	20.5	25.7	26.1	26.7	19.2
50>													
2004	42.0	31.9	31.5	33.9	35.5	39.2	35.8	40.0	47.0	46.8	50.3	54.8	38.5
2003	45.7	32.6	29.0	31.4	38.1	40.0	36.8	42.5	45.6	49.7	50.9	53.6	38.9

Table 3: Regional Union Density (%) by Factor Variables, 2003-2004
Source: Palmer et al. (2004: various) and Grainger and Holt (2005: various)

struck by a number of features: women are now as often to be union members as men, union members are predominantly older persons, the public sector is the last

bastion of trade unionism and larger workplaces record higher densities.

All these observations are part and parcel of a much bigger trend: national union density overall, and throughout all regions, has fallen considerably from 55% in 1979 (13.5m members) to 29% (6.78m members) in 2004, although proportionately less so in Scotland than the national average in the 1980s (but not in the 1990s). The persuasiveness of national patterns of decline is true also for the relative maintenance of high union density in the public sector (61.5% in 1995, 58.8% in 2004) compared to low and falling density in the private sector, both manufacturing and services (21.6% in 1995, 17.2% in 2004). Scotland does not vary in this regard any more than similar regions like Wales, the north-east and north-west of England do.

What is also striking is that those regions with the highest union densities in late 1970s are also those with the highest levels of unemployment and lowest levels of employment growth. Despite this, they remain the regions with the highest densities by 2002. Conversely, those with the lowest union densities in the late 1970s and the highest levels of employment growth remain the regions with the lowest union densities. These key differences are more credibly explained by reference to the notions of 'communities of collectivism' above.

Although no data is available to confirm the following proposition, it is likely that the distribution of union membership within Scotland follows a skewed pattern for intra-Scotland distribution. Thus, where most employment is found, where workplaces are large, and where most public sector and manufacturing employment is found all coalesce around the Central Belt, and Strathclyde, in particular. This emphasises the limitations to considering Scotland as a single unit and stresses the internal heterogeneity.

Union Recognition and Collective Bargaining

Union recognition and collective bargaining can be used as reasonable, although far from perfect, measures of union strength and credibility with employers. This is because employers also recognise unions for their own business purposes such as ease of communication, consultation and negotiation, and the legitimacy given to decisions arrived at by the involvement of representatives of the workforce. Union recognition comprises rights of information, consultation and representation. It may or may not include collective bargaining. Using the data from Workplace Industrial Relations Survey for manual and non-manual workers in the private sector between 1980-1990, workers in Scotland were covered by these processes

Area	M 1980	M 1984	M 1990	N-M 1980	N-M 1984	N-M 1990	% Contraction
London	76	68	41	55	40	29	46.5
Outer South East	70	49	43	44	43	36	28.4
East Anglia	82	50	41	68	39	47	39.8
South West	79	64	56	67	51	36	37.7
East Midlands	93	63	60	74	65	52	32.0
West Midlands	91	86	62	68	59	50	29.1
Yorks-Humberside	87	86	62	57	56	43	26.6
North West	89	85	64	69	67	55	24.1
North (east)	92	85	65	72	65	54	27.1
Wales	86	73	69	73	72	42	21.0
Scotland	85	67	62	63	47	52	22.2
Britain	84	70	57	61	52	41	32.5

Table 4: Union Recognition by Region for the Private Sector (manual, non-manual) and Overall Contraction, 1980-1990, Source: Martin et al. (1996:54-55, 93)⁴

to a greater degree than the national average, but to a lesser extent than workers in Wales, Yorkshire and Humberside, the East and West Midlands and the north-west and north-east of England (Martin et al. 1996:54-55). However, between 1980 and 1990 the relative ranking of union recognition coverage for manual and non-manual workers in the private sector in Scotland increased compared to other regions (see Table 4). The last column in Table 4 shows the degree of contraction in the coverage of union recognition between 1980 and 1990. It indicates the considerably greater resilience of union recognition structures in Scotland, Wales and north west of England. While this is reflective of union strength, it is not wholly indicative of union strength for employer choice and philosophy are important factors in determining the extent of union recognition. These tend to vary according to employer size, industry sector and plant age, reflecting the importance of traditions established over previous years.

Using the data from the last Workplace Industrial Relations Survey (Table 5), Scotland's relative ranking and position remains broadly similar to the overall position from 1980-1990.

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Region	Workplaces Recognised	Employees in Recognised Workplaces	Workplaces Recognised: Private sector	Workplaces Recognised: Public sector
East Anglia	25%	51%	20%	53%
London	35%	50%	15%	97%
Rest of SE Eng	26%	41%	12%	84%
South west	44%	56%	34%	100%
East Midlands	43%	63%	19%	87%
West Midlands	45%	67%	28%	100%
Yorks/Humber	34%	52%	17%	90%
North west	54%	65%	29%	100%
North (east)	39%	70%	21%	100%
Wales	47%	64%	19%	94%
Scotland	42%	69%	22%	100%
Average	39%	57%	21%	93%

Table 5: Union Recognition in 1998: regional variations, Source: Wills (2001:37)⁵

Finally, we can examine the coverage of pay determination by collective bargaining between 2003 and 2004, the position of Scotland is at the top end, but not above that of Wales, Northern Ireland and sometimes other northern regions in England.

Year	Scot and	G'tr Ldn	Rest SE Eng	E Angl ia	SW Eng	W Mids	E Mids	York& Humb	NW Eng	NE Eng	Wal es	NI	Brita in
2004	40.2 %	28.5 %	28.2 %	30.7 %	34.2 %	34.0 %	33.7 %	37.7%	37.1 %	39.9 %	43.8 %	53.9 %	35.0 %
2003	41.2 %	31.1 %	28.0 %	30.8 %	33.9 %	34.8 %	34.3 %	39.8%	41.8 %	43.5 %	43.1 %	51.8 %	35.9 %

Table 6: Pay Determined by Collective Bargaining Coverage, 2003-2004
Source: Palmer et al. (2004: 35) and Grainger and Holt (2005:37)⁶

Nonetheless, the overall picture is one of decline in the extent and coverage of union recognition and collective bargaining throughout and in every region of Britain, for reasons associated with factors of industrial sector, workplace size and occupational structure (Martin et al. 1996:95-96). Martin et al. (1996) argued that the continuing higher propensity for workplaces within the aforementioned regions to remain recognised, despite overall decline in union recognition, again relates to established traditions and communities of collectivism.

Conclusion

Generally speaking, the evidence in this chapter suggests that workers in Scotland are more 'unionate' than many other workers in Britain where union membership, union recognition and collective bargaining are concerned. These are the many regions of England south of, and including, the Midlands. Being 'unionate' indicates a predisposition or propensity towards unionisation and trade union collectivised values and behaviour. But workers in Scotland are not any more 'unionate' than the most 'unionate' workers in the rest of Britain – these being found in Wales, Northern Ireland and the northern regions of England. This reaffirms the picture of a clear 'north-south' dimension found by Martin *et al.* (1996). Higher union membership indicates higher levels of collective and trade union consciousness (with implications for levels of class consciousness) as do higher levels of union recognition and collective bargaining coverage. However, because it is difficult to disaggregate for the influences of employer action (derived from self-interest) on union membership, union recognition and collective bargaining accruing, a straight correlation between densities and coverage on the one hand and union strength and unionateness on the other cannot easily be made. When we come to consider the demands of workers put through their unions and through collective bargaining, and although there is no salient data available, it appears from general observation that the demands of workers are no more or less militant or moderate in Scotland compared to elsewhere. The same is true with regard to the outcomes of collective bargaining – specific data does not exist, but again from general observation, the outcomes are no more or less successful in Scotland than elsewhere. Despite the 'north-south' dimension, key challenges concerning union mobilisation capacity exist for trade unionism in all regions and areas throughout and across Britain given that a period of quiescence, social partnership and demobilisation are currently being experienced.

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2 Prior to 1995 data for London is not available when it was calculated as part of south east England. Data not available prior to 1989 as the Labour Force Survey did not include a question on trade union membership. Data for Northern Ireland not available prior to 1995.

3 Data for previous years not available.

4 'M' denotes manual workers, 'N-M' denotes non-manual workers. Figures denote percentage of employees in workplaces with union recognition (columns 2-7). Column 8 shows the degree of contraction in the coverage of union recognition by employees.

5 Workplaces of less than 10 workers are excluded so this has the effect of overstating the extent of union recognition.

6 Data for previous years not available.

Our Public Services

Power to the People!

Scotland's Public Services

Dave Watson

Introduction

Good public services should be at the heart of a socialist vision for Scotland. Public services enhance our commitment to one another and to the common weal. They not only create a sense of community, but they also make sound economic common sense.

This chapter looks at the current debate over the future direction of Scotland's public services. From traditional right wing 'small government' and the more recent 'crowding out' attacks, to the New Labour prospectus of 'choice' sometimes camouflaged by 'New Localism'. It then seeks to set out the principles and practice that should underpin a socialist approach to Scotland's public services in the 21st century. A vision that places public services at the heart of government strategy by using the public sector to support economic regeneration, as a best practice employer, to engender a stronger sense of citizenship and most importantly, as the democratic and accountable provider of high quality public services.

Scotland's Approach to Public Services

We should start by recognising that Scotland has taken the opportunity of devolution to develop approaches to the improvement of public services that differ from those in England. Like the Wales Assembly Government the approach of the Scottish Executive has been to deliver improvement and value for money through collaboration and co-ordination not competition.

Why are there different approaches north and south of the border? Some would point to cultural differences. The idea of an egalitarian ethos is a widespread belief. As William McIlvanney put it, the most appropriate motto for a Scottish Flag would be 'Hey – that's no' fair!'. Whilst recent academic studies have been critical of what they call the 'egalitarian myth', there is evidence from opinion polls that Scots more strongly support the provision of public services than their English cousins. Although the difference is not the chasm that some believe.

Others point to ideology. It is certainly the case that the ideological differences between the main political parties in Scotland (other than the Tories) on public services are not huge and this has been described by right wing commentators as the 'cosy consensus'.

So what does drive the difference in policy? The answer may be more prosaic than culture or ideology. Firstly, there is geography. Internal markets are fairly meaningless to a hospital user in the Highlands when the nearest 'competitor' could be hundreds of miles away. The increasing specialisation and centralisation of services emphasises this point.

Secondly, there is scale. In population terms, Scotland is a small country. Policy makers can influence change across public services in a way their English counterparts could only dream of. In Scotland cross cutting initiatives can be developed that view public services as a whole – not entrenched in service silos.

Neither should we be defensive about the achievements of devolution. Media obsession with the parliament building has obscured the radical reforming agenda. From land reform to proportional representation, virtually no area of Scottish public life has remained untouched. Far from adopting the English reform agenda that elements of the right wing press urge daily, we should recognise that the Scottish Parliament was ahead of the game with the abolition of Section 28, fox-hunting, tuition fees, the right to breast feed in public, stronger freedom of infor-

mation and free personal care. This clarity of purpose is perhaps best demonstrated by smoking in enclosed public spaces. Whilst the UK parliament struggles with a messy compromise the Scottish Parliament has the clarity of vision to address the very real public health issues. The Parliament's openness, innovative committee system, pre-legislative scrutiny and petitions are all models of public service reform that we should be proud of.

Approaches to Public Service Organisation

There are three broad approaches to public service organisation:

Hierarchies – traditional command and control models that divide the public service into silos largely directed from the centre. Nationalised industries and some central government departments are examples of this approach.

Markets – or perhaps more accurately quasi-markets organise public services into competitive units that treat the public as consumers. The English NHS purchaser/provider split and Tory education and health 'vouchers' are examples of this approach.

Partnerships – or networks require public services to work collaboratively across traditional boundaries. Joint working usually between independent bodies working to a common goal and implementing a joint programme. They will often create new organisational structures and share relevant information, risks and rewards². Whilst government includes Public Private Partnerships in this heading, they are really contracting relationships more appropriate to the market model.

These are broad headings representing a range of approaches. For example, New Labour health policy in England has elements of the market and partnerships.

Hierarchies and Markets

Critics of public service reform in Scotland often claim that the Scottish Executive is wedded to the command and control government that hierarchies represent. Whilst some ministers might respond 'if only', the reality is far removed from this model. Equally as socialists we should recognise that whilst command and control strategies helped to make a shift change in public service provision in the 20th century, it is an insufficient response to the challenges facing us today. The solu-

tions to most of the challenges facing our society are rarely deliverable by one agency working on its own. Crime, health and poverty all require multi-agency approaches. For this reason there are few advocates for the hierarchical approach. The silo mentality is effectively dead although elements exist in certain services.

The introduction of markets into public services is associated with the Thatcher years and the development of public choice theory. In the NHS the Tories introduced tax relief on medical insurance, market testing of 'hotel services', fund holding GPs and finally the purchaser/provider split. In reality some forms of competition pre-dated the Tories, such as independent GPs, and their reforms retained many aspects of hierarchy. At best their reforms can be described as quasi-markets. A range of academic studies³ demonstrated that the structure or preconditions for a market structure were not in place and in practice only limited competition operated. The author of the internal market Alain Enthoven claimed that on a scale of 0 to 10 (0 being total hierarchy and 10 the US free market) the UK scored between 2 and 3 for a year or so and then fell back. Today's Tories want to go much further with the introduction of vouchers giving individual consumers the ability to choose between the providers of public services, particularly in schools and hospitals. This effectively subsidises private provision, creating a US style private sector for the wealthy and an impoverished public safety net for everyone else. The consequences would be in the description of American society by the economist J. K. Galbraith, one of "private wealth and public squalor".

Choice

Whilst as socialists we obviously reject this prescription for public services what of the New Labour concept of 'choice'?

The UK government claims that "Public services need to offer expanding choice for the customer. Giving people a choice about the service they can have and who provides it ensures that services are designed around their customers. An element of contestability between alternative suppliers can also drive up standards and empower customers locked into a poor service from their traditional supplier"⁴.

UK ministers claim this is different to the use of free market mechanisms because the "ultimate goal of reform would be the advancement of social justice"⁵. The problem with this 'means justify the ends' argument is that the 'means' can distort the 'ends'. As UNISON General Secretary Dave Prentis put it "But where is the choice for the most vulnerable? Choice based on right wing principles is the denial of choice for our poorest communities".

The 'choice' concept has other less obvious critics. The American author Barry Schwartz⁴ argues that advanced consumer capitalism actually leaves us anxious, dissatisfied and even depressed. Choice "looks great on paper but is paralysing in practice". The Whitehall efficiency trouble-shooter, Sir Peter Gershon, points out that efficiency, by reducing slack capacity, could disrupt the extension of choice⁷. Professor David Kerr in his highly respected report on service change in the NHS in Scotland says; "Patient choice is important, but the people of Scotland sent us a strong message that certainty carries more weight"⁸.

The problem with 'choice' as a concept is that it can be applied in different ways. As Deputy PM John Prescott put it "Choice is like sex – everyone is in favour of it in some senses". It can mean choosing what, where, when and how services are available. Or it can mean choosing who provides them. Catalyst Director Martin Mclvor summed up the concerns of many in the Labour Party that "all the talk of 'choice' is really a clever way of packaging a set of policies designed to open public services to increasing private sector involvement, and offer the middle classes a way of gaining an edge on those less articulate and assertive"⁹.

Whether it is Tory vouchers or New Labour 'choice' the concept is clearly absurd when it comes to vital public services. Users of services when faced with critical decisions do not want to peruse brochures from competing marketing departments. If good services drive out bad what happens to those unfortunates caught in the process. Markets also require surplus provision that simply doesn't exist and would be wasteful of public resources to create. In Scotland with our disparate population and geography such choice is in any case illusory.

Choice, marketisation and contestability all attempt to blur the distinction between the public domain and the market domain. As David Marquand¹⁰ argues, the New Right and public choice economics assumes that there is no point in appealing to the values of common citizenship. There are no citizens there are only customers. He argues for "the public domain – the domain of citizenship, equity and service whose integrity is essential to democratic governance and social well being".

Partnerships

If hierarchies and markets are not the right approach for Scotland that leaves partnerships.

Partnership has been the cornerstone of Scottish public service reform. Co-oper-

ation rather than competition has been the mantra. Partnerships typically operate as self organising, inter-organisational networks that are interdependent and have different degrees of autonomy from their parent bodies and Scottish government. Examples include Joint Future, Clinically Managed Networks and more recently Criminal Justice Authorities. The Scottish Executive's Efficient Government programme relies on networks to deliver efficiencies in administration, purchasing and e-government.

Partnerships benefit from the joined up working that is essential to address many of the complex issues facing Scotland. No one agency acting alone can tackle public health, crime or economic regeneration. In a rapidly changing world public services have to move quickly to respond to new challenges. We cannot constantly reorganise the boundaries and functions of public service organisations without creating organisational paralysis. As a country with a small population but a large geographical area, many of our public service organisations are organised on a small scale to ensure local responsiveness. The downside is the loss of economies of scale that bigger organisations benefit from, leading to calls for the privatisation of a range of services. Partnerships can enable shared services at a scale that makes in-house provision viable and cost effective. Finally partnership working can also change behaviour encouraging a consultative style of management far removed from the 'heroic' or 'macho' styles competitive and hierarchical approaches encourage.

But partnerships are not risk free. Partnership working requires a huge cultural change from the previous hierarchical and then market approaches. A change many organisations and their leaders have struggled to make. They also put the emphasis on management, leaving democratic accountability at best indirect. They often give the appearance of promoting top down solutions with little meaningful public involvement. They can also allow ministers to use their powers of guidance and direction to bypass local democracy creating a more centralised state with less democratic accountability. Not to mention the impact on staff with confusion over lines of accountability and terms and conditions.

If partnership is the 21st century socialist approach to public sector organisation then we also have to tackle these weaknesses. To address these concerns UNISON Scotland has promoted the idea of Public Service Networks¹¹. Comprehensive agreements that cover strategic objectives, shared vision and priorities, resource commitments, responsibilities and overall control and management. The Audit Commission set out a checklist for effective partnerships and a number of

academic studies have analysed the ingredients of successful partnerships¹².

The weaknesses of partnerships may also require us to examine Scotland's public service structures. Does Scotland's patchwork of networks and statutory bodies require structural change to bring greater cohesion, efficiency and accountability to our public services? Does a nation of 5 million people really need 32 councils, 15 health boards, 23 enterprise companies, 8 police forces, 8 fire brigades and six sherifdoms? Does this together with the many cross boundary networks allow proper strategic planning and efficient service delivery? One local government specialist¹³ described this as having a "very Victorian feel". It was the failure of such a "seething mass of parochial institutions" to produce "joined up" services that led to the creation of local government.

Possible approaches include reorganising existing public services into larger units. For example, a small number (3 to 5) of strategic (largely acute) health boards with primary care managed through Community Health Partnerships (CHP). Councils grouped into units large enough to run strategic local authority services. Probably no more than 15 new councils coterminous with health structures. Alternatively join up public services into all-purpose public authorities. Local government, health, local enterprise and other existing quango functions in large strategic authorities with either separate local delivery authorities or a devolved management scheme.

Larger authorities would benefit from a more strategic approach and might also provide alternative structures of power, the checks and balances essential to a good constitution. Quangos would be brought under democratic control. The problem is that bigger is also more remote unless there are effective devolved democratic structures with meaningful deliberative involvement of users. A return to two tier structures might also achieve this although that may just create new boundaries between local and strategic services that have to work together. Whatever the approach, solutions should be developed in communities and not imposed from the centre. It may be that greater partnership working will lead to a demand for more formal structural change in the medium term.

Consideration of new public service structures can obscure more important factors in the delivery of public services. The solutions also involve the adoption of clear public service principles that should underpin public service organisation. These are addressed below.

Public Service Principles

The starting point for any discussion about public service principles has to be the public service ethos. The view that public services should operate on ethical lines based on the principles of selflessness, integrity, objectivity, openness, accountability, competence and equality. Or as Gordon Brown recently put it “There is such a thing as the ethic of service, which is more than contracts, markets and exchange and is about compassion, duty, respect and obligation”¹⁴.

It is these principles that separate the public and private sector. As Tawney identified, citizenship rights are, by definition equal and market rewards, by definition, unequal. Unless we ring fence the public from the private domain the promise of equal citizenship will be lost.

Of course for the New Right the public service ethic is a con trick. Public service workers are self interested parties seeking to force their wages above their market value. They are untrustworthy and can only be motivated by market competition. It is this ideology that has undermined confidence in the collective provision of services, an approach designed to challenge the culture of service and citizenship that has been an essential part of our social fabric.

So the starting point has to be the assertion of, as David Marquand puts it “a new public philosophy”¹⁵. A cultural shift that challenges neo-liberalism and the ideology of consumerism by mobilising the public conscience. Promoting the concept of a public domain, that may be wider than just the public sector, but is recognisably different from the ethos of the market domain. A public domain that recognises that public interest can be distinct from private interests. A domain based on trust, citizenship and the rule of law. A domain where the indicators of the market domain, competitiveness, the language of producer and consumer do not dominate.

Important though this philosophical underpinning is – it is not enough. We need practical measures that deliver the public services that citizen's value. The Scottish Executive's approach is based on seven principles of public service reform¹⁶:

- A clear focus on the needs of those who use, and those who need, the service
- Equality of access across urban and rural Scotland
- Devolution of decision making to the frontline, so that staff are empowered

to make decisions at first point of contact

- National standards on which local excellence can be built, backed by inspection and accountability to make quality provision the norm across Scotland
- Improving conditions and working practice so that skilled staff can focus on delivering a quality public service.
- Supporting continuous improvement by sharing of best practice and taking action to tackle and turn around poor performance
- Searching out best value and taking the decisions to get the best possible return for every public pound spent.

In general these are worthwhile principles although arguably too managerial, lacking the vision to inspire a counter-attack against the market domain. So what might socialist principles for 21st century public services be based on?

Democracy

The most obvious principle missing from the Scottish Executive's list is democracy. The belief that public bodies should, where practicable, be directly elected. Democratising a quango state that has grown to remarkable levels in Scotland with 144 unelected bodies spending £9.5 billion a year. Reining back the centralising tendencies of all governments by establishing the principle of subsidiarity. Both in further devolution to the Scottish Parliament and within Scotland to local government.

Democracy is more than elections every few years – it's about accountability and meaningful involvement. It requires public bodies to be open and transparent in their dealings with the public and for government at all levels to explain and accept responsibility for its actions. Democratic accountability also entails government ensuring adequate opportunities exist for the general public to participate in and influence the policy making process. This is more than consultation where plans are made in private and the public then asked to comment. It involves deliberative methods of involvement in developing desired outcomes and the methods to achieve them.

This is the biggest challenge to the application of market forces in public services.

As Gordon Brown has said, "That through richer forms of engagement, we will deepen community support; that together we will energise local democracy; that we will make undemocratic institutions democratic... This is what our opponents worry about most"¹⁷.

Investment

One of Labour's most important achievements has been sustained investment in public services. An approach that has begun to tackle the damage the Tories caused to Scotland's public services. A three year budget cycle and prudential borrowing for local authorities are also important reforms.

Investment is the oil that maintains and develops our public services. Without it they simply become a second class safety net for those who cannot afford private provision. For that reason investment must be maintained both to sustain the revenue for current and new services and capital for infrastructure. Adequate funding is necessary to provide proper staffing levels and to fund fair employment standards and training.

The latest attack on public spending from the New Right comes in the form of the 'crowding out' theory. They argue that 'the ballooning' public sector is strangling wealth creation, hoovering up talented workers and explains why Scotland's growth allegedly remains behind the rest of the UK.

It is certainly the case that state spending in Scotland's total economy is higher than in the UK as a whole. However, there is little hard evidence that as the CBI puts it "the high levels were ruining hopes of boosting growth", let alone the FPB claim that the private sector is being starved of capital. The actual examples usually focus on 'high' public sector salaries 'poaching talent'. This implies that the CBI and others actually favour a low wage economy as a route to economic growth. The public sector also appears to be a convenient scapegoat for private sector failure not to mention that public sector salaries are hardly 'high'.

Public spending is a positive input to the Scottish economy. The multiplier effect of state spending brings benefit to the economy as a whole and many private companies directly benefit from public sector contracts. The construction industry is a particularly good example at a time when public sector capital spending is at a record high. It is also questionable, if in an international context, Scottish state spending is that high. There are certainly many successful economies that have higher absolute spending levels.

One aspect of public investment in Scotland that has been a wasted resource has been the obsession with Public Private Partnerships and the Private Finance Initiative (PPP/PFI). The Executive claims that this is only one of several procurement options for public bodies. It is not even the preferred option. However, in reality for many capital schemes it is 'the only game in town' because the Executive only provides subsidies for PFI and not for conventional procurement. If we are to translate the Executive's claim into practice much more needs to be done on the alternatives to PPP/PFI in Scotland.

Some of the alternatives require amendments to Treasury rules including new definitions of public expenditure in line with European models. Off balance sheet incentives inherent in the current block grant system and Departmental Expenditure Limits (DEL) also need reform. Enron economics is no way to finance our public services.

In Scotland progress could be made by providing capital grants on a genuine level playing field basis, giving public authorities a real choice between funding sources. There needs to be a substantial increase in capital funds and the freedom for all public authorities to borrow to fund investment. The Executive has made progress on this by giving local authorities prudential borrowing powers. But these powers are limited if grants are only available to those local authorities who use PFI.

Other claimed alternatives to PPP, such as 'not for profit' Trusts are still PPP schemes with a different form of company structure. In the main this is simply window dressing. Conventional borrowing remains the most cost effective and flexible method of financing public services. It retains accountability and enables public authorities to engage in genuine consultation with service users without the smokescreen of commercial confidentiality.

Fairness

Another key difference between the public domain and the market domain is a commitment to fairness. In the public domain money doesn't talk. Services are provided on the basis of need, with equal access to all citizens. This means a real commitment to equal opportunity, tackling discrimination in all its forms. Public services should know who their users are; think about their different needs and design services to meet those different needs¹⁸. Recognising that citizens who are most disadvantaged are usually those for whom public services are most important.

Quality public services also require the recruitment and retention of high quality staff through: fair pay and conditions, genuine partnership working with trade unions, equal opportunities, safe working and life-long learning. Public services should be model employers promoting fair employment standards with their own workforce and into the wider economy through procurement.

In Scotland much has been achieved through partnership between the trade unions and the Scottish Executive. Lifelong learning has transformed the lives of many workers, measures to tackle assaults on staff, ending the two-tier workforce in PPP and a meaningful dialogue is sustained through the framework of the Memorandum of Understanding with the STUC. This is a sound building block to develop quality employment standards and requires sustained investment to fund past discrimination in the form of equal pay and maintain commitments to fair pensions.

Effectiveness

In the public domain democratic accountability is the equivalent to competition in the market domain. However, citizens are entitled to effective public services from the investment and employment standards described above. In the public domain this is best achieved not by copying the mechanisms of the market domain, but by performance measures appropriate to the public domain.

In scrutinising public services it should be recognised that there are a wide range of factors which determine performance. These include the funding available, access, the service environment and relationships with users and the wider community. Public services in a partnership environment are highly complex organisations without many of the command and control mechanisms in the private sector. Public service managers have to develop consensual leadership skills that are very different from the 'heroic' models that dominate many management text books.

Broad national standards can provide a benchmark for each service, minimise the postcode lottery and disseminate best practice. However, there needs to be awareness that too many standards may create a straightjacket for service providers and restrict local innovation in service delivery. Multiple inspection can often distract from service delivery and place a 'one size fits all' model on local delivery. League tables and other performance measures may lead to pressure on organisations to concentrate on such indicators to the detriment of the services they provide.

Efficiency and effectiveness in the public domain is about more than price. This should be reflected in procurement policy using the new flexibility in European law to ensure that the social dimension is properly reflected. The Efficient Government initiative is fine in principle, but it risks driving the centralisation of services and squeezing small local suppliers out of the procurement chain. Service improvement has to be linked not only to the availability of resources, but also the wider social and economic needs of the community. Any performance assessment should be based on inputs, outputs and outcomes together with process measures. In this way we ensure that the complexity of the public domain is recognised and all our public service principles are delivered.

Conclusion

Scotland has begun to develop a public service model that meets the requirements of a relatively small country with our particular culture, geography and yes, ideology. We must continue to resist the craven calls to ape the English models designed for very different circumstances. We must be international in our outlook seeking inspiration and best practice from countries similar to Scotland. In this context the Nordic countries may have much to teach us.

In developing the model we should be visionary in reclaiming the public domain from those in the market domain who would seek to claim it. Public services should be based on an ethos and principles that set it apart from markets. Democracy and partnership are the essential principles, but they have to be supported by a commitment to fairness, underpinned by investment and effectiveness.

The key to this approach is a belief that we should be treated as partners who have a real say in shaping our public services. As citizens not simply consumers to be exploited for private profit.

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Scottish Education

David Drever

Two features are apparent in any study of the recent history of Scottish education. Firstly, of all the public services, it has best retained the shape and integrity of the relative strength of the 1970s. Secondly, taken alongside the rest of the UK, Scottish schools have more successfully resisted the elitist policies of successive Tory and New Labour governments. Nevertheless, this analysis will argue that the consumerist, free market policies of the Conservative years have been continued and refined under the first Labour Government and since 1999 by the Scottish Executive¹.

Comprehensive Gains, the Labour Government till 1979

Scottish teachers in the 1970s were probably better prepared than most public sector workers for the coming 18 years of Tory rule. The growing militancy of the Trade Union movement of the sixties and early seventies saw its expression in the affiliation of the EIS, the effective collective voice of Scottish teachers, to the STUC in 1971. This was a hard fought battle led by the same progressive elements who had argued previously for the establishment of comprehensives to replace the socially divisive and educationally limiting Senior and Junior Secondary schools. It was also a turning point for teachers who increasingly saw themselves as trade unionists as well as professionals. This perception was translated into reality in the widespread strike action of 1974 that forced the Houghton Committee into conceding substantial salary increases, and a contract that regulated working hours, introducing for the first time a maximum limit on class sizes.

The Conservative victory of 1979 was by no means the end of a halcyon period in education. While the new government immediately began to drive down public

expenditure, schools and other public services had already felt the sharp effects of the 1976 Callaghan government capitulation to the International Monetary Fund demand for extensive cuts in public spending. Nevertheless public sector schooling was relatively strong: the comprehensive ethic was well established with parity of provision and social diversity accepted as the norm; the Primary Memorandum of 1965 had placed the child at the centre of the education process², and Primary teachers, predominantly women, were moving, albeit slowly, towards equal pay scales with their secondary counterparts. The Munn and Dunning reports of 1977 responded to the needs of the larger numbers staying on till age sixteen following the raising of the leaving age in the early seventies. Munn established a broad curriculum based on eight modes of learning to be followed by all pupils up to the end of S4, and Dunning proposed the replacement of O Grades, which had hitherto catered only for the top 30% of pupils, with Standard Grades that provided certification for everyone at three levels: Credit; General and Foundation³. The new courses confirmed the entitlement of all pupils to have access to the same curriculum as well as ending the old divide between Certificate and Non – Certificate courses that was a legacy from the social and educational inequity of Junior and Senior Secondary schools.

The Free Market and Education Policy, 1979-1997

Throughout their tenure of power the Tories sought to roll back the gains of the previous decades and shift educational policy sharply to the right. In this period education support services were opened to the 'free market', parental choice was introduced, and moves to reintroduce selection through Opting Out were attempted. In addition formal testing in primary and lower secondary schools was introduced; and the virtues of the private sector were celebrated while the vices of the public sector were deplored. As will be seen, some of these developments were successfully resisted, and some have been carried through. However, many aspects of that free market project have survived Labour's return to power.

The Tories first and most powerfully effective piece of legislation was the Education (Scotland) Act of 1981. This introduced the Parents Charter, whereby those parents who did not want their child to go to the school in their catchment area could nominate another which was obliged to take a pupil unless it could show it was overcrowded. The apparent choice offered by the new legislation chimed with the market led consumerism that characterised much of Thatcher's education policy. Of course the exercise of choice was predicated upon parents having the savvy, motivation and money to go shopping for their child's school. It was in reality

a choice for the upwardly mobile or middle class parent, and one that was in practice not available to most working class families, and was certainly beyond the resources of those living in poverty.

The immediate and growing effect of this was that the social class mix – an important aspect of the comprehensive school – was reduced. In the 1980s one in ten parents exercised their right to choose their child's school; by the late 1990s this proportion had risen to one in eight⁴. The effects of this social class segregation have been sharpened by the marked increase in poverty black spots over the past twenty five years. Many city areas and Central Scotland towns have levels of poverty, unemployment and multiple deprivation as high as anywhere in Europe. Schools in these areas have lost pupils to more affluent neighbours and there is an incessant and unhealthy competition for pupils: the magnet schools grow and the sink schools struggle. This can be graphically seen in the now discredited league tables of raw results that apparently indicated successful and failing schools. Publication of these exam results fuelled an increased use of the Parents Charter, yet they told nothing about the quality of teaching and learning in schools. Rather they made clear that relative affluence and poverty are the determining factors in educational success. This is borne out in every piece of research that has used Postcode and Free Meal Entitlement (FME) as indices of poverty in measuring educational attainment. Glasgow's schools have 40% FME, the highest in Scotland, and also have the lowest percentage of pupils, 17%, going on to Further or Higher education⁵.

In the mid 1980s teachers again fought a pay campaign, this time against a seemingly intransigent Tory government that had inflicted a calculated defeat on the miners. On this occasion the EIS picked its ground carefully, winning allies in parents' organisations, other political parties and their own Local Authority employers. There was a consensus of opposition to the minority of Tories in Scotland that finally forced the government to concede an independent pay review. That campaign was notable for the use of targeted strike action and curriculum boycotts that were later proscribed by trade union legislation. An important factor that was evident in this campaign of industrial action was the generally supportive response of the public. While there has been little concrete research in this area, it seems clear that striking teachers enjoyed a large degree of public and media support for their actions⁶. No doubt that was partly in response to the ebbing fortunes of the Scottish Tories who had held 21 of the 72 Scottish seats at the 1983 General Election with this number falling to 10 in 1987. However, it was also indicative of the importance placed upon education in Scottish society. Wholesome communitarian myths such

as the lad o'pairs; and the moral trinity of doctor, dominie and minister carry contradictory truths, yet public education has had an important place in Scottish life since the days of John Knox's reforming zeal. Indeed a perusal of the resolutions on education carried at STUC Congresses since 1897 shows the importance laid upon education by Scotland's trade union movement⁷.

The continuing drive to open up education to market forces and to wrest control of schools away from largely Labour controlled Local Authorities found expression in legislation that set up school boards (the School Boards (Scotland) Act 1988) and permitted schools to opt out (the Self Governing Schools Act 1989). The key architect of these reforms was Michael Forsyth, an aggressive advocate of the free market, who became Conservative Education Minister in the new Parliament of 1987. Forsyth had prepared the ideological underpinning of his new policies in a pamphlet, *Save Our Schools*, written by himself and other right wing members of the Thatcherite No Turning Back group of backbenchers during the previous parliament⁸. The arguments set forth bear an uncanny resemblance to many of those deployed by New Labour in its 2005 plans for English schools. Schools should be removed from Local Authority control; power should pass from professionals to parents; and a voucher system would allow parents to "buy" the education of their choice. As a key part of this strategy, parental choice was the stalking horse that would have effectively undermined public education, making schools in middle class areas independent and removing the accountability provided by Local Authority control. Schools which chose to opt out of Local Authority control were promised extra funding, similar to that already lavished on the Private School sector.

In the event Forsyth's plans were thwarted. The setting up of school boards failed to provoke the assumption of parent power the Tory strategists had hoped for. It became clear that Scottish parents did not want the powers that the legislation thrust upon them, and since their inception school boards have struggled to find a meaningful and relevant role in the life of schools. The political ideology behind the opting out legislation was similarly unable to take root. Despite the blandishments of the Scottish Office and the support of the Tory press in Scotland, only two schools chose to opt out and they did so for specific local reasons rather than a wish for independence. It is again noteworthy that the campaigns to resist these explicitly political pieces of legislation successfully brought together parents, teacher trade unions and a sympathetic public support.

However, over this period other less overtly political developments have changed the landscape of Scottish Education. Key change came in the form of the 5-14

programme, a new curriculum and assessment structure for primary and lower secondary schools that followed a 1987 government consultation paper. Then in 1994 Michael Forsyth, by now Secretary of State for Scotland, announced the Higher Still programme that would reshape assessment for 16 to 18 year olds. Both innovations bear the marks of the Tory reforming agenda: the acquisition of skills and their assessment were central. Formal testing, and the publication of results for 'quality assurance' was to be the new rigour in the primary school and extensive internal assessment would chart the achievement of targets in the upper secondary. Accompanying the 5-14 programme was a battery of administrative checks and monitors to ensure that teachers recorded and monitored the content of their teaching and its outcomes. The effect was to centralise control of the curriculum and limit the professional freedom of the classroom teacher. Ironically this was done under the rhetoric of extending parental choice and satisfying consumer needs. It has been similarly used as a tactic by New Labour as a means of controlling professionals, schools and education authorities.

Mass opposition to plans for formal testing in literacy and numeracy at Primary 4 and 7 from parents and teachers had led to its early abandonment by Forsyth in 1991. This allayed fears of a reintroduction of streaming, but the result was that the testing regime was spread over the whole age range, albeit under the judgement of teachers who would decide when to test. Nevertheless the outcome led to a narrowing of what was taught and assessment overload⁹. The child was displaced from the centre of the curriculum and replaced by a target driven audit philosophy. At the top end of the secondary school the initial burden of target driven assessment was crippling and following repeated criticism from teachers, some of the excessive testing was stripped out. While the Higher Still programme provided new levels of certification for the much greater numbers of students staying on post 16, the increased levels of assessment has reduced the curriculum content and encouraged 'teaching to the test'.

There had been a shift away from the comprehensive and progressive ethic of a broad based curriculum that emphasised the process of education rather than the product. The sense of education being a valid end in itself was being replaced by an instrumentalist view that emphasised its vocational and skills based function within an employment marketplace. This was seen at its clearest in the amalgamation of the Scottish Examination Board (SEB) and the Scottish Vocational Education Council (SCOTVEC), forming the Scottish Qualifications Authority (SQA). SCOTVEC was a training body delivering specific skill based vocational qualifications to those who were either in employment or preparing for work. The SEB

provided assessment and certification of broad based academic subjects across the whole curriculum of the school sector. SCOTVEC's training ethic was narrow and functional and this was expressed in an assessment system that broke skills into small units and assessed them accordingly – a debased form of mastery learning. It is apparent since the merger that subject courses taught in upper secondary school have been fragmented and assessment driven, indicating that the merged body has adopted the market orientation of its SCOTVEC forbear. This is borne out in the virtual rebranding of the SQA as a slick and hungry operator in the profitable educational marketplace.

A striking indication of the unpopularity of Tory education policy was provided in a huge demonstration in February 1996 in Edinburgh. Parents groups, working closely with EIS, mobilised 40,000 parents, pupils and teachers to march in protest against swingeing government cuts in education spending. The following year the Conservatives were swept from office in the UK, with not a single MP returned in Scotland.

A New Start? – Social Market Policies since 1997

In what shape was Scottish Education in 1997? As a public sector service it had suffered long term funding cuts that resulted in a deterioration in provision, particularly resulting in a school building estate that was decaying and unfit for purpose. The comprehensive school was still intact although the influence of a consumerist, market ideology had shaped curriculum and assessment policies. The structures had not changed, but classroom practices were narrower and more constrained. Despite a period of retrenchment for the trade union movement, successive Tory governments had been unable to inflict a defeat on Scottish teachers who, led by EIS, had campaigned with marked successes throughout this period.

While the Labour government of 1997 acted to redress some of the mistakes of the Tory years, the market ideology that had been developed over the previous two decades was adapted and continued by the Scottish Executive. Nevertheless it is worth noting at this point that the historically separate Scottish governance of education has continued, and Scottish schools have been spared the brutal elitism that Blair's 'Education, Education, Education' policies have inflicted on England. South of the border, changes have been wrought that were only the stuff of dreams for the Tories¹⁰.

An early positive step of the Labour/Lib Dem coalition was to abolish the Assisted

Places Scheme, a means by which cash was diverted to bolster private and fee-paying schools. The new Scottish Parliament fulfilled an election pledge of the Scottish Liberals to abolish university fees and it is proposed to replace school boards by Parent Councils in the Scottish Schools (Parental Involvement) Bill, 2005. Self-governing schools, the failed initiative of Michael Forsyth, were abolished in the Standards in Scotland's Schools etc. Act, 2000.

This Act was Holyrood's first piece of education legislation and it set the tone for the new Scottish Executive. The title of the Act is indicative of its concerns. The legislation is preoccupied with accountability, measurable outcomes and targets in much the way of its Tory predecessors. These managerialist tools were to be deployed in pursuit of the first of five National Priorities: the raising of standards of attainment. It should be said at this point that the pursuit of improvement is central to the best educational practice. The argument for equal access to education irrespective of class, creed or ability seeks to promote the maximum achievement for all our children. However, the Executive's plans to drive up standards owes more to Blair's social market policies than the comprehensive ethic.

A complex apparatus of monitors, checks and plans are now in place in all schools and Education Authorities to ensure that measurable attainment can be boosted. Results from 5-14 testing, Standard Grades and National Qualifications are all subject to endless scrutiny. The traditional Advisory Service which had previously provided curricular support and staff development for schools has been replaced throughout the country by Quality Improvement teams whose tasks are managerial monitoring rather than educational support¹¹. Despite the wholesale acceptance of this current philosophy, there is no published research evidence to suggest that this approach, endemic now in public services, effects improvement in attainment.

The most profitable exemplar of the New Labour catechism, "public bad, private good" has been the wholesale use of the Public Private Partnership (PPP) in the school building estate. Outside of London Scotland has the highest penetration of private capital investment in public procurement, amounting to £2535m¹². Despite the concerns of some Councils, and of all the trade unions involved, 30 out of 32 Authorities are engaged in PPP in the school estate. The Scottish Executive has ensured that Local Authorities have been unable to pursue other funding mechanisms and effectively have allowed only PPP projects access to the rebuild. Yet the evidence is against the PPP schemes. Audit Scotland found that construction and running costs were higher in all six cases of a 2002 study¹³. Meanwhile private

companies continue to make unacceptably high profits from these schemes over very long periods of time, usually 25 or 30 years. The school buildings remain in the ownership of the contractor over this time, and facilities management and service provision are under private control. At the end of the contractual period they finally revert to the local authority. A number of projects have had time overruns; others have suffered financial collapse and have been bailed out by government; elsewhere they have delivered poor design and construction¹⁴. Even at this relatively early stage in the life of the project in Scotland, there are serious reservations about the quality of much of the provision. What is abundantly clear is that PPP has been a publicly funded cash cow for the private sector.

There are more specifically educational ways that the private sector has penetrated schools. Enterprise Education is an important contributor to the rhetoric about attainment and excellence. 'Enterprise culture' lays an emphasis on a 'can do' philosophy that prefers individual risk taking to working together. Role models of success are drawn from captains of industry who are more notable for their ability to turn a profit than for their educational skills. The current Scottish Executive's fixation with hugely wealthy businessmen also afflicts education policy makers. In 2004 Scotland's second richest man Tom Hunter took a hand in promoting the skills of the free market in schools by giving £100m to promote entrepreneurial schemes for pupils in primary schools. His avowed intention was to end the culture of dependency that Scotland's manufacturing past has laid upon our children¹⁵. Since then Hunter has invested money jointly with the Scottish Executive to fund a school leadership programme for headteachers. Similar philanthropy has come from the purse of Lord Laidlaw of Rothiemay, Scotland's sixth richest man, and a Conservative peer who bankrolls the Tory party in Scotland. He has given £40,000 to his home town's local school to set up schemes to prepare senior pupils for the world of work.

Meanwhile there have been moves towards developing "curriculum flexibility" that effectively reduces access to the core curriculum for predominantly working class children. A 2005 initiative from the Scottish Executive has set up a programme of vocational education for S3 pupils and above, linking schools and colleges. There is evidence that schools are targeting lower achieving S3 and S4 pupils, overwhelmingly boys, to attend these programmes¹⁶. Similar outcomes arise where schools in impoverished communities deem their pupils unable to cope with an eight Standard Grade course and cut the core curriculum accordingly. Where choice has been reintroduced to the core curriculum, as in the case of Modern Languages, the result has been a sharp decline in uptake¹⁷. Elsewhere schools, with Executive approval,

have reintroduced streaming in an attempt to raise attainment. The constant drive to raise standards has met seemingly intractable problems in those areas where poverty, poor housing, ill health and unemployment are endemic. However, the solution cannot be a removal of the entitlement to a broad ranging curriculum for the poorest children in our society.

The developments scrutinised above are aspects of the avalanche of Ministerial policy documents that have recently come from the Scottish Executive. Most are a studied response to the National Debate on Education launched in 2002. Taken as a whole, recent policy indicates the opportunities and dangers that face Scottish education today. As has been seen, they contain elements that are a continuation of a traditional social market approach to education strategy. Nevertheless there are positive developments that can be seen most clearly in the Scottish Executive's A Curriculum for Excellence, published in 2004. The past fixation with assessment as a measurement device has been broken. This was used to generate spurious league tables that set school against school and encouraged teachers to focus on narrow aspects of the curriculum. Instead assessment is recognised as an important tool in supporting the learning and teaching process. There is an end to league tables and the national collection of 5-14 attainment statistics; and there is recognition that pupil achievement is about more than just attainment. This is linked to an acceptance that the primary school curriculum has become cluttered in the past two decades and that freedom must be given to teachers to exercise their own judgement in the teaching process. The roots of this last perception may well lie in the far reaching EIS/Cosla/Scottish Executive agreement reached in 2001¹⁸. An important element in this was a restatement of professional autonomy linked to a programme of Continuous Professional Development that would be under the control of each teacher. In addition a new grade of Chartered Teacher based in the classroom, holding postgraduate accreditation, was established.

Future Prospects

Despite the contradictions inherent in some of the 'flexible curriculum' and 'pupil choice' proposals, there is a clear and stated commitment to the importance of comprehensive and inclusive education and a recognition that the concept of attainment should be extended to recognise the wider issue of achievement¹⁹. In 2007 class sizes in English and Maths in S1 and S2 will be cut to 20, and in Primary 1 to 25. This policy, pledged under the duress of the election campaign of 2003, is a small, first step in improving the quality of education provision for all our children. There is incontrovertible research evidence from the USA that closely links signif-

icant increase in educational attainment with decrease in class size. The Tennessee STAR programme found that all pupils benefited from reduced class size, but that disadvantaged children entering school with low initial attainment were the biggest winners. While all pupils improved, the attainment gap between the highest and lowest narrowed. The research also shows that for the improved attainment to be maintained, the smaller class sizes need to continue through each level of schooling. Other US states have adopted similar practices and have replicated the type of results found in Tennessee²⁰. A longitudinal study in London University found similar results, with low achievers showing the largest gains from being taught in smaller classes²¹.

International comparators support the research findings. OECD surveys of literacy and numeracy demonstrate that attainment correlates with teacher student ratios and that the poorer the ratio, the lower the level of attainment. An illuminating comparison can be made between Finland and Scotland which share similarities of population, GDP, and school systems. In Finland the average class size in Primary is 20, while in Scotland it is 23.9²². Finland has the highest results for mathematical literacy and reading literacy and shows the narrowest gap between highest and lowest achievers. Scotland is in sixth place in literacy and fifth in Maths. The disparity between lowest and highest achievers in Scotland is considerably greater²³.

There is virtual unanimity amongst teachers that reduction of class size maxima is the single most effective way to raise achievement in all our children, and particularly to redress the educational disadvantage of the poorest in our community. It is recognised that Scotland fares well in international comparisons, but that the disparity of attainment and the extent of the growing educational disadvantage in our poorest communities is masked. Existing class size maxima were set in 1974 at a time when real advances were being made for pupils and teachers alike. It is now recognised that these class sizes are outdated and inappropriate for the present century. EIS is actively campaigning, in advance of the 2007 Scottish Parliament elections, for a phased reduction to a class maximum of twenty at all stages.

It is a campaign that has the potential to embrace issues that are central to the future of Scottish Education: inclusion of all pupils; growing disaffection and behaviour problems; teaching methodologies that respond to pupils' needs; the improvement of education provision for all children, but particularly those already disadvantaged by poverty, bad housing and ill health. Past history has shown that such a campaign can be effective if it provides a focus for all who share an interest

in its success: parents, teachers, the trade union movement and the wider communities of Scotland.

References

1 This chapter deals with developments in primary and secondary schooling. However, the trends in nursery education have been broadly similar: the introduction of vouchers by the Conservatives in pursuit of the free market; an extension of private sector provision; and with the return of Labour, a wholesale extension of general pre school provision since 1997. Unique to the nursery sector has been a deprofessionalising of nursery provision as nursery teachers have been steadily replaced by less qualified pre-school staff.

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Choose Life: Choose a Public Health Service

Pauline Bryan

What has happened to the Labour Party's position on the NHS in the 30 years since the original Red Papers? If you look at the Manifestos of 1974 and 2005 you can see there has been a 180° turnaround. If however, you look at the position adopted by the Party, rather than the Government, you see all the same concerns and all the same commitments to the National Health Service as in 1974, but now it is protecting the NHS from a Labour Government rather than the Tories.

Extract from Labour's Election Manifesto, October 1974:

"Labour created the National Health Service and is determined to defend it..."It has started its attack on queue-jumping by increasing the charge for private pay beds in National Health Service hospitals and is now working out a scheme for phasing private beds out of these hospitals. "The Labour Government will reduce regional inequality of standards; put the emphasis on prevention and primary care and give a clear priority to spending on services for the mentally ill and mentally handicapped. It will continue the progressive elimination of prescription charges and phase out private pay beds from National Health Service hospitals."

Extract from Labour's Election Manifesto, 2005 (UK):

"We shall continue to encourage innovation and reform through the

use of the independent sector to add capacity to, and drive contestability within, the NHS. We have already commissioned 460,000 operations from the independent sector, which will all be delivered free – with equal access for all based on need, not the ability to pay.

Whenever NHS patients need new capacity for their healthcare, we will ensure that it is provided from whatever source.”

Just in case you may have thought things were different in Scotland:

Extract from The Scottish Labour Party’s Election Manifesto, 2005:

“Expansion in NHS capacity will come both from within the National Health Service and the independent sector, where specialist services are available to the NHS at NHS prices. In the past year alone we have commissioned the independent sector to provide over 3,000 operations through the NHS for patients in Scotland. And in the coming year we will greatly expand this provision to reduce waiting times and bring more quality healthcare through the NHS to patients.”

Extract from composite resolution adopted by the Labour Party Conference, September 2005:

“Conference ...calls on the Government to:

Consult with representatives of all levels of NHS management, the NHS unions and patient and professional bodies to clearly identify the practical shortcoming that are emerging with the ‘choice’ and market policies in the NHS.

Institute an urgent joint review into the mix of private sector provision in the NHS and the role, limits and regulation of markets in our public services.

Suspend the introduction of competition of providers into primary care services, and the stipulation that the role of PCTs as service providers be minimised, pending the outcome of such a review.

Suspend any further expansion of the role of the private sector into the NHS
Suspend the second wave of Independent Sector Treatment Centres until an evaluation of the first wave is completed.”

For Party members who still believe that the Labour government has been forced down a path that it would not have chosen, they should be aware that from the earliest days in power new Labour brought in people whose specific interest and remit was to smooth the path of privatisation. They seconded people from construction companies and consultancies who, when they returned to their organisations, used the structures they had helped create to their own company's advantage.

Capitalism does not care if it makes money out of arms trading, supermarkets, oil, prisons or health care. It is all the same to a multinational growing in size, wealth and power. What makes health care so attractive is that people will always get ill.

The multinational pharma industry has long leached off public health care. Builders have made their money in hospital construction. More recently cleaning companies and caterers etc have got their fingers in the health care pie. But the real money is in cherry picking the most profitable parts of delivering care and gaining control of hospital resources. US companies having little scope left for internal growth, looked elsewhere for growth. They were blocked from entry into Canada, which is protecting its public health care service from commercial incursions, so Europe and particularly the UK were identified as an important potential market. Just as GATS treaties have been used to open up other public services to competitive tendering, many commentators believe that this will eventually apply to health services. The more private finance is involved in the health service, the more likely it is that it will fall within the ambit of international trade law.

The impact on the NHS of privatisation has been fundamental, but largely hidden beneath a multitude of small changes, such as the resources put into private beds in PFI hospitals, charges for non-medical services such as TVs and the use of private diagnostic and treatment centres. These and many more incremental changes are impacting on the ethos and delivery of the service, for the individual user, for medical staff and clinical autonomy and importantly for those who try to plan and deliver a comprehensive national service.

The media has been drip-fed and ended up colluding with the notion that the health service as we know it is "unaffordable" and "unsustainable". A similar process is also going on around pensions. In the book 'NHS plc The Privatisation of Our Health Care' Allyson Pollock points out that hard evidence to support this is hardly ever presented. She gives several examples of how information is put in the public domain by supporters of the project and even when it is shown to be factu-

ally incorrect, it remains part of media coverage and goes on to be used in justification of private intervention. She cites the case of Robert Osborne (seconded from Tarmac) who was Head of the PFI unit at the Department of Health and his number two Peter Coates. Against all available evidence they continued to maintain that bed reductions were not part of the PFI process, even when there was clear evidence to the contrary.

During the 2003 Scottish Parliament elections there was widespread concern about the reduction in capacity of acute specialties in the Edinburgh Royal Infirmary. This was described in an article in the British Medical Journal as resulting in “dramatic reductions in the services delivered and numbers of patients admitted in the Lothian area compared with other areas of Scotland”. The medical Director of the Lothian University Hospital Trust condemned the article as “completely untrue and based on inaccurate figures”. Jack McConnell went on to publicly condemn the authors’ “naïve” and “false” arguments. When it was eventually demonstrated that the article was correct and the figures used to rubbish it wrong, McConnell said nothing.

Few people would be surprised to learn that bullying and intimidation are part of the culture operating in government circles. Allyson Pollock describes what happened to her when she was acting as a special adviser to the House of Commons Health Select Committee inquiry into PFI. Having acted as an adviser she was dropped in favour of Nick Bosanquet, a pro-market health economist and Kingsley Manning, the Director of Newchurch and Company, a pro market health care consultancy. This was after she had been asked by Peter Coates (see above) “whether it was wise or in my career interests to brief MPs against senior NHS officials”. She was however, invited to give evidence and saw first hand the change in composition of the membership. After an aggressive and hostile session with the Committee its report included an unprecedented attack on the work of a witness saying [her unit] was unable to “analyse rationally the finances of the NHS”.

Choice

If most people had a genuine choice about priorities in health care they would choose good care available locally. But that option isn’t available under the Government’s choice agenda.

The NHS Chief Executive has issued instructions to the Primary Health Care Trusts in England to become “commissioning-led organisations with their role in provision

reduced to a minimum". It further directs that they must use a range of providers to ensure competition. The 'choice' to be made available to patients requiring routine surgery must include five or six providers, at least one of which must be a private provider. This may well result in closures of local hospitals. As John Reid put it, "patients will decide closure". What will have happened is that lack of resources will result in a spiral of decline, ending with only those, who in reality have no choice, using a poorly funded hospital until it finally closes down.

The Co-op Party and others who should know better are supporting Foundation hospitals. Exponents distort language in describing Foundation hospitals as part of 'local democracy'. The 'Members' that make up the democratic element of a Foundation hospital can in no way be described as representative.

There has been a standing argument in social democracy that bemoaned that better off people always got the better services under universal provision. They can manipulate the service to their own advantage while poorer people are less adept at using the system. This may be the case, but the Foundation hospital approach would actually ensure that middle class people have the tools to ensure this bias. If a 'good' three star hospital, which is probably located in a better off area, is able to take over failing hospitals, probably in a poorer area, it gets access to the resources of the poorer hospital. Staff and services can be relocated to the convenience of the better off residents. After all, they are more likely to take advantage of the private beds that will be available and make the 'co-payments' for special services while in-patients. They are also more likely to be generally healthier, recover more quickly and are, all in all, a much better risk than people from the poorer areas.

What we should be arguing for is community choice rather than individual choice. As individuals we may have competing interests to our neighbours. One family may wish to prioritise their children's health care, whereas the care of the elderly may be more important in the household next door. The individual with a big car and can travel to a centre of excellence 30 miles away. Someone confined to public transport may take two hours to travel the same distance. The better off may be prepared to pay a contribution to health care as and when they need it, but most people would not be able to.

These individual conflicting interests cannot easily be reconciled, but those of society can be. We can as a society prioritise good health and decide that spending the country's significant resources on providing the best for everyone, is a good

use of money. At a community level there will remain conflicting interests and that is where democracy – agreeing a collective approach which does not leave some people behind – is the most useful tool. The alternative, access based on individual resources, will ensure increasing inequality.

The Scottish Labour Party is in the process of preparing its election manifesto for the 2007 Scottish Parliamentary elections. The Party has learned from experience and the loss of a seat in the suburbs of Glasgow, that health care is a major issue. Dr Jean Turner stood for the Scottish Parliament and won on a platform of defending one of the hospitals in the North of the city.

The health debate seems to have become focussed on hospital buildings, cleaning and waiting lists. There is a real danger that a manifesto based on these issues will fail to satisfy in a number of ways. Hospital closures, even with the promise of a new build, arouses opposition. There is no “settled will of the Scottish people” which recognises the priorities of centres of excellence over local provision. Hospital cleaning would be more honestly tackled in a debate about outsourcing and resources than to do with restoring matrons. The discussions around waiting lists take no account of the need for preventative interventions.

A radical health manifesto would not start with buildings, but would involve people in a debate about the priorities for a healthy society, rather than simply treating a sick society.

Public Health

The Government White Paper on Public Health makes the statement: “People make their own health but not under conditions of their own choosing.”

When discussing public health issues it is very easy to concentrate on lifestyle issues such as diet, alcohol consumption, exercise and smoking and forget that the biggest improvements in public health have come about through political action, rather than individual lifestyle change. Clean water, good quality housing, universal education and post natal community care have all done more to bring lasting improvements to the nation’s health than could be expected from personal life choices.

Poverty remains the single biggest cause of ill-health in Scotland. The figures for life expectancy clearly reflect this. Even the incidents of childhood accidents reflect

class background. A Scottish Executive report on Road Traffic Accidents² quotes studies that have demonstrated the higher incidence of child pedestrian accidents in deprived or disadvantaged areas.

“Men in Shettleston die younger than anywhere else in the country. At 63, life expectancy is 14 years less than the national average and comparable with Iraq and some countries in the Third World. It is also nearly 18 months shorter than a decade ago – Britain’s first reduction in lifespan since the Second World War.”³

Ensuring warm, dry, airy homes, clean air, rewarding work, good schools, access to affordable good quality food including free school meals, improve transport services. These would set the foundations for more healthy lifestyles. The Campaign for Free School Meals in Scotland has the support of the Child Poverty Action Group, Poverty Alliance, One Plus, the Scottish Youth Parliament and the STUC. It makes the case for free school meals on many grounds, including health. Their research has found exactly the same as Margaret McMillan in 19th century Bradford, that the health of young children could be improved by the supply of free school meals.

The encouragement for breast feeding mothers given in Elaine Smith’s Breast Feeding legislation and the ban on smoking in public places are examples of political action that could bring about significant improvements in public health.

As research has shown, treating people with respect, rather than as potential problems, can result in better all round health. In a national survey of more than 5,000 Americans, it was shown that those who said they were treated with dignity during their last medical encounter were more likely to report higher levels of satisfaction with their care, adhere to therapy and get preventive services. Being treated with dignity was significantly associated with adherence to treatment⁴.

While poverty itself is a cause of ill-health there is research that indicates that health outcomes in different societies are also affected by the level of inequality. Even in societies with universal access to free care, the level of social inequality relates to health inequality. Differences in health outcomes among developed nations cannot be explained simply in terms of the country’s wealth, the degree of relative deprivation within a society also matters.

“Widening income differentials in both the United States and the

United Kingdom have coincided with a slowing down of improvements in life-expectancy. In many of the poorest areas of the United Kingdom, the mortality rate for several cohorts of relatively young people has increased as income inequality widened. In the United States between 1980 and 1990, states with the highest income inequality showed slower rates of improvement in average life-expectancy than did states with more equitable income distributions ... income inequality appears to affect health by undermining civil society. Income inequality erodes social cohesion, as measured by higher levels of social mistrust and reduced participation in civic organizations. Lack of social cohesion leads to lower participation in political activity (such as voting, serving in local government, volunteering for political campaigns).”⁵

Democracy and Health

If voting is good for our health, perhaps we should do more of it. The 2003 Manifesto of the Scottish Labour Party included a commitment to direct elections to National Health Service Boards. During the “behind closed doors” negotiations to form the coalition government with the Liberal Democrats the commitment was dropped. Bill Butler MSP did not let the matter drop and proposed a Private Members’ Bill.

He has argued that the “case for introducing a greater level of democracy, accountability and transparency into the decision-making process for local health services is long overdue.” He was concerned that the lack of direct democracy in the Health Service was resulting in local candidates standing on a single health related issue.

New Zealand adopted elections for its District Health Boards in 2001. The Boards consist of 7 elected members and four members appointed by the Health Minister. The most recent elections in 2004 were conducted under STV. The outcomes show that voter turnout is highest on average among the smaller District Health Boards, which tends to confirm that people will engage in elections where they can see it will make a difference.

The Scottish Policy Forum’s consultation paper for its next manifesto asked “How do we get the right balance between centres of health care specialism and expertise and locally delivered care?” In a separate section it goes on to ask “How can

we make Health Boards more accountable?” These two questions are linked. We can ask communities to make informed choices about their services. Now these would be real choices not the phoney ones that market led ideas produce (would you like that in pink or blue?). Local people should be involved in decisions based on information and advice involving health care professionals and other experts who can spell out the balance of benefit and risk involved in issues such as centres of excellence located in major cities against local provision with less specialist staff. Democracy provides a means of making these decisions and this operates in a far more rational way than the anarchy of markets.

How would this do for a Manifesto commitment?

The Right to Health Care

“The creation of the National Health Service is one of the greatest achievements of the Labour Party. It now faces a double threat from the Tories: a lack of resources for decent health care; and the active encouragement of private practice. Labour will act to defend the basic principles of the service ... We will also seek a fairer distribution of these resources at both regional and district level. Since the election, prescription charges have increased from 20p to £1.40 per item. Labour will phase out health charges. Our overriding aim will be to reduce inequalities in standards of health care for all who need it. We will:

- Give greater emphasis to prevention, both within the health and personal social services. We will come forward with proposals to help prevent accidents and disease, including action on advertising.
- Give priority to improving our primary health care services, especially in the inner cities.
- Continue to improve the ante-natal and maternity services and develop our child health services; and we will respect the wishes of women in child birth.
- Introduce an independent complaints system in both hospital and family practitioner services.
- Recognise the importance of community health councils and ensure that they have the power and facilities to represent fully the consumer point of view.
- Abolish the special charges for overseas visitors, and end passport checks.
- Take a major public stake in the pharmaceutical industry – and ensure that the drugs available are safe, effective and economic.

The present expansion in private medicine is a serious threat to our priorities in

health care. We will not allow the development of a two-tier health service, where the rich can jump the queue. We shall remove private practice from the NHS and take into the NHS those parts of the profit-making private sector which can be put to good use. We shall also stop public subsidies to the private sector and prevent it expanding further. We will give proper recognition to those consultants who make a full-time commitment to the NHS; and we will provide incentives to those choosing to work in under-doctored areas and specialities."

Yes, this is an extract from the much maligned 1983 Labour Election Manifesto.

Blair's programme for his last term in office was revealed in his frightening comments: "Every time I've introduced a reform in government, I wish in retrospect I'd gone further." He wants his reforms to be so entrenched that it will tie future generations to his and new Labour's distorted vision of a global economy. Here in Scotland we have a slim chance to stand up against the worst of the new Labour agenda and fight back so that our NHS doesn't simply become part of a multinational conglomerate's portfolio.

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Our Society Past and Present

Post Industrial Women

Isobel Lindsay

The past three decades have been a period of exceptional change for women. The face of the professions and much of middle management in Scotland is increasingly female. The gender profile of politics has changed significantly. But the face of poverty is also most likely to be a woman's face while the top jobs are still predominantly male. These changes have been accompanied by demographic developments with significant implications for Scottish society.

It is a tempting story to present the positive developments in women's role as the product of feminist activism. That activism has played a part, but we need to look to the structural changes in the economy for the primary causal factors. Economic change presented new opportunities in the labour market. Women grasped them and employers used them. But these opportunities also presented a new set of dilemmas for men and women that are unlikely to be resolved positively without substantial intervention in the labour market. The challenge for Scotland is to continue the progress in women's educational and occupational achievements while creating the conditions for population renewal and also tackling the two extremes of under-representation in the top jobs and over-representation in some of the most poorly paid. The big question is whether these objectives can all be combined.

Two years before the publication of the first 'Red Paper', Daniel Bell, the American sociologist, had published 'The Coming of Post-Industrial Society'¹. There are many respects in which you can fault the analysis, but the core theme is very much with us today; for advanced industrial societies employment in manufacturing, agriculture and the extractive industries would continue to decline sharply and employment in the service sector would rise substantially. This trend had already taken off in the United States and he predicted that it would accelerate in other technologically developed societies. The reasons for this were varied. Improvement in technology in manufacture could produce much more with less labour. As people achieved higher living standards, they would prefer to spend more on education, health, on recreation and the hospitality industries, on culture, on personal services. Greater prosperity would increase the demand for financial services and retail outlets. And more complex societies would increase the demand for more planners, researchers and administrators in both the private and public sectors. Although it can be argued that much of the reduction in manufacturing employment has simply been the result of a changing global division of labour and that Bell was much too optimistic about the proportion of new service sector employment that would be high-skilled, the decline in manufacturing and the growth in the service sector is still one of the most important factors in recent Scottish economic experience. Service sector employment by 2001 was over 70% of the Scottish total and manufacturing was only around 16%².

Even if employment patterns had remained as they were, it is likely that women would still have increased their participation in the labour market. Educational developments and improved fertility control would have influenced this. But the exceptional pace of change would have been unlikely had these structural changes not occurred. Of course women could do the manufacturing jobs that were male preserves. They had proved this in two world wars. But there was and still is, enormous cultural baggage in certain types of work. With the rapid growth of service sector employment, it was women who had many of the skill and cultural advantages. Women had acquired an exclusive niche in secretarial and much routine administrative, retail and hospitality industry employment. They were also well-established in the lower to middle ranks of the health, education and social welfare services. In the increased demand for aesthetic labour and emotional labour, women were more culturally suited³. They had other great attractions for employers since average female earnings were lower and many wanted or were prepared to work part-time, thus opening up the opportunities for flexible labour strategies.

But the expansion of the female role in the workplace has now gone well beyond

those traditional enclaves of secretary, shop assistant, nurse and primary teacher. Continued concerns about lower average earnings and gendered divisions of labour should not lead to an underestimation of the great strides that have been made in a short period. We now have a situation where the majority of higher education students in Scotland are female⁴. The majority of medical, law, veterinary and business studies students are women as well as in the traditional areas of humanities, social sciences and education. Women are now well represented in many science areas like pharmacy and even in subjects like engineering where there is least participation, it is still around 20%. This would have been considered inconceivable several decades ago. The figure for women solicitors in the U.K. in 1946 was 1%⁵. We can be confident that women are well on the way to occupying much of the lower to middle ranges of the professions and of business and administrative employment. What is not yet clear is whether the small proportion of women in senior jobs will continue unless special initiatives are introduced or whether in the next two decades, the present generation of young, well-educated women will have formed a critical mass and will have worked their way through the system to emerge in similar ratio to men in the top jobs. Over 20% of senior managers in Scotland are female, higher than in England. This is still low, but moving upwards⁶. Over 40% of the younger medical consultants are now women and 80% of primary school heads⁷. Things are moving, but how far and how fast? There are grounds for expecting that while there will be an increase in women at the top in many areas of employment, it may require more than letting things take their course to produce close to gender balance in the most senior positions. But the senior positions are small in number; getting a high level of female employment in society's middle-ranking jobs may be socially more important.

The fact that women's job prospects were improving in numbers and range has to be a factor in explaining the significantly lower levels of expectations and aspirations of young males. At the same time as many girls saw old barriers weakening and new opportunities developing, the male view was very different. The past thirty years has seen opportunities for men contracting, with a depressing impact on young male aspirations. Much of traditional male employment in manufacturing and trades disappeared and with this the apprenticeship route into skilled jobs and front-line management. Of the new jobs on offer, many were in what were regarded as 'feminine' types of work. Those from more middle-class backgrounds who had expectations of professional and managerial work, now had to contend with female competition that had not been there in the past. So what emerged was a marked gender difference. In a study in four Scottish towns, 65% of teenage girls said they expected to go on to college or university, but only 46% of boys⁸. What

matters for confidence and morale is, not just how things are, but what is the perception of the direction of change. For girls who saw their mothers and grandmothers either not in paid employment or nurses not doctors, semi-skilled not skilled, secretaries to professionals not professionals, things were changing for the better. For boys who saw their fathers and grandfathers in long-term, 'respected' male employment, the prospect for many was unemployment or employment in 'women's work'. Things had changed for the worse and low expectations and pessimism about the future were understandable in that context.

These are the more positive aspects of labour market developments for women. There are more negative aspects. Three decades after equal pay legislation, average earnings are still 19% less for women and this is for women in full-time work⁹. This inequality is marginally increasing rather than declining, as it did in the early years of the legislation. One of the main reasons for this is that women are affected by the general increase in inequality in the U.K. Women are, as we have seen, in much lower proportions in senior jobs and these are the jobs in which earnings have risen much faster than in lower-paid work. Also much employment is still gendered and historically many jobs that have a mainly female workforce have been lower-paid. The introduction of Compulsory Competitive Tendering in the public sector also hit earnings and conditions for women.

Before examining the wider social implications of these changes and of other economic factors, there is one recent development in women's position in Scottish society that represents a significant historical change – the almost 40% female membership of the Scottish Parliament. Unlike the employment changes, this was more clearly an example of a partially successful feminist campaign, but on closer examination, these gains can also be best understood in the context of wider structural change. The campaign originated from two directions – an initiative by women in the Green Party together with a number of other individual women on the feminist Left who launched The Women's Claim of Right Group in 1989¹⁰ and the other was the Women's Committee of the Scottish Trade Union Congress who started the 50/50 campaign¹¹. Both groups recognised that the prospect of a new legislature with no majority male incumbency offered a unique opportunity to produce gender balance in representation in the Parliament. There was a long and, at times, tortuous route up to the first elections in 1999. There were some differences in preferred strategy among the women seeking positive action, but relations were amicable and there was co-operation in the Women's Co-ordination Group. There was strong opposition by some men and some women (particularly among the Liberal Democrats) and little media support, especially in the earlier period. The

aim of a constitutional requirement for gender balance was not ultimately achieved, but winning internal gender-balanced selection procedures in the Labour Party and focusing awareness of gender issues in the SNP, produced a successful outcome.

The campaign illustrated an important point; that a determined, visionary objective, pursued with co-operation could be successful despite being regarded initially by most people as an unrealistic 'non-starter'. But it needs also to be noted that the trade unions played a crucial role in achieving this – union votes and lobbying in the Labour Party were of central importance. The unions in turn were influenced by wider structural factors. There were men in the trade unions who were genuinely enthusiastic about 50/50 and there were men who were unsympathetic, but there were also those who appreciated its strategic importance for the union movement. The labour force had changed and there was now close to gender balance in that labour force (although 45% of women were part-time). Union membership was declining and they needed to be women-friendly, particularly to encourage women activists and through them, more women members. So the period in which the battle for women's representation in the Parliament was being fought, was also a period in which women in the trade union context wielded more influence than at any time in the past.

A major question, of course, has to be whether the higher proportion of women in the Parliament has made a difference. There are two aspects to this. The first is the wider cultural issue – has the higher visibility of women in the political arena contributed to a shift in assumptions about women in public life. In effect, is it now taken for granted as normal? This cannot readily be 'proved', but what we can see is that even if the public increasingly accept women in positions of political power as normal, this will not automatically translate into more women in elected positions where vested interests and power struggles are involved. This is a point that may also be significant in the context of business and the professions. Women maintained (and marginally improved) their numbers as Scottish Parliament members in the 2003 elections from the advantaged position of being the sitting members and from an increase in the smaller parties. But in the local elections that took place at the same time, the 22% of women elected as councillors was slightly lower than 1999. Sitting members had the advantage and there was competition for safe seats. There are no grounds to expect that the gender balance in local government will change much without intervention. The Scottish Parliament experience suggests that if it was substantially changed once, the change might be self-perpetuating. It may also be that if change in the gender pattern of senior positions in other organisations can be introduced, it may develop a critical mass that sustains the change.

It would certainly be difficult now for anyone to argue (as some did in the initial months of the Parliament) that the competence of women on average at ministerial, committee convenor and backbench level is worse than that of men. There may be some women with modest talents, but no more than men and there are a considerable number of able women, some of them more competent than men, who have been in ministerial positions. Currently 35% of ministers are female and over 40% of Parliamentary committee conveners. Ironically the Scottish cabinet has not achieved the gender balance of its Welsh equivalent despite the fact that the proportion of women in the Welsh Assembly would probably have been much lower had it not been for the prior adoption of the constituency 'twinning' system by Labour in Scotland and the pressure on Wales to do the same, which was only accepted very narrowly.

Has the greater gender balance made a difference? It may be that the same legislative and policy programme would have happened irrespective of the make-up of the Parliament, but the Parliament/Executive has been responsive to a range of issues perceived to be important to women – domestic violence, child welfare, pre-school education. Also many measures improving conditions for the elderly – free bus travel, home heating initiatives, free personal care – have some gender bias in that there are more elderly women than men. The Equalities Committee is one of the standing committees of the Parliament and there is an Executive Equalities Unit. It could reasonably be claimed that the high proportion of women MSPs has heightened consciousness and sensitivity on a range of issues.

While the subjects that are devolved are of central importance in the context of women's continuing role as principal carers, many key powers are reserved. The Equal Opportunities Committee itself is a Westminster responsibility as will be the new Equalities Commission that will replace it. The whole area of work is controlled by UK/EU legislation, although there is power in Scotland to influence working conditions in much of the public sector and other publicly-funded employment. We will return to the opportunities this offers. The crucial policy areas of social security, pensions and taxation are also reserved powers. Given greater female vulnerability to poverty, the fact that these powers are reserved, inhibits what can be done in Scotland.

While the earnings potential for many women has increased the income, as we have seen even for those in full-time work, is still on average almost twenty percent lower than for men. In addition around 45% of women in the labour force are part-time and most women have to take some career break. All of this is important not

just for current income, but for pensions. The lone parent, overwhelmingly female, is especially prone to poverty because of difficulties in sustaining full-time work and having only a single income source. More women are among the retired and are less likely to have any occupational pension. The gendered pattern of much employment means that even in the early stages of working life, young women are earning less than young men. The two facets of women's contemporary economic status co-exist: a substantial increase in economic opportunity and on average lower economic rewards than those of men in employment. Prosperity and greater financial independence than ever before for many women, is in contrast to greater relative poverty for many others. This represents a substantial social class divide between women, but there is also a shared vulnerability to economic disadvantage for women across social class because of caring responsibilities and continued gendered biases in earnings and promotion.

These economic changes in women's position in Scotland since the 1970s have been accompanied by social changes that we can reasonably assume to be correlated with the changes in work and education. Two of the most important changes have been in childbirth and marriage patterns. These aspects of our lives may appear to be the most personal and emotional, yet in many respects they can best be understood in the context of economic change among women. Declining birth rates are certainly not unique to Scotland. On the contrary, they are the norm in most highly-developed economies and where this is not the case or is less marked (as in the U.S.) it is often the birth-rates of recent immigrants that have sustained birth levels. Scotland has experienced a sharper fall than England and the differing relative proportions of some ethnic groups in the two countries is a factor in this. The outcome for Scotland is a fertility rate below replacement level¹² and not the static population, which would be a responsible ecological target in a country with a low average population density.

This is socially significant, not just at the macro level, but also at the micro social level. Why has this trend developed of later child-bearing, smaller families and more childlessness? It is a reasonable assumption that many of these choices will be driven by women rather than men? They have developed in a period in which the socioeconomic position of women has changed. The expansion of women's role in the labour market has given women greater choice on what they do with their lives. The big increase in female participation in higher education has created a range of opportunities denied to women in the past. On present trends women will be in the majority in the professions and much middle management. But the opportunities come with a cost. By the time women complete a degree and

professional training, and gain some work experience, they will be in their late twenties. Today they will normally have accumulated considerable debts to be repaid. Career and financial pressures make the postponement of motherhood more likely. However, lower fertility in older women and shorter remaining child-bearing years are likely to reduce the size of families. Only around half of those who have not had a child by the age of 30, but who still intend to start a family, manage to do so within 6 years and as women get older, they intend to have fewer children¹³.

These are not the only pressures, nor are they confined to women who have gone through higher education. There have been other changes that have increased the economic pressures on young men and women. The sharp shift from rented to mortgaged housing tenure in Scotland, has pushed young people into taking on high financial commitments that require two salaries to service. Consumerist pressures have made an expensive level of household acquisitions and recreational expenditure appear necessary to sustain social status. Financial institutions have trapped many into a credit spiral. Childcare costs for return to work are very high. There are also those low-paid workers for whom very basic living standards are difficult to maintain without two full-time incomes. Ironically, as our standards of living have increased, children have seemed to be less 'affordable'. There are some for whom the choice not to have children, or to have only one child is a positive choice. But for others, having no children or having one rather than two or three is not a positive choice, but arises from employment and economic pressures.

There are other aspects of change that have accompanied women's greater role in the formal economy. The economic changes experienced by women have altered the domestic balance of power in many households. Most women now have some personal income, they have a role outside the home, they make a necessary contribution to household finances as well as to the quality of life. Most divorces are initiated by women. There is no longer the degree of economic dependency that kept people in unhappy relationships in the past. Being single is an option. The greater economic independence has been related to greater social independence. It is socially acceptable for women to co-habit or have sexual relations, to have children without marriage, to control their fertility, even to go to pubs on their own. But there are greater social pressures in certain respects. Commercial pressures have projected standards of physical appearance and domestic attainment that are difficult or impossible for most women to achieve. Lifestyle changes have brought previously male health problems of smoking and alcohol abuse. Higher divorce rates have brought problems as well as solutions. If there are children, lone parents

are among the poorest groups in society. Also as people without children or with small families get older, the personal support structures that have traditionally helped sustain people, become weaker or non-existent.

So change for women has brought significant personal gains and some losses. It has also brought social gains from the release of the talent and energy of half the population into the work-force. But this has been accompanied by potential social problems, notably those related to low birth rates. This is not entirely negative; it brings environmental gains in the form of low congestion, low pollution, low resource use. However, aiming for a stable population, rather than decline or increase, would have most advantages. Can there be social strategies that facilitate population renewal? Obviously migration can achieve this if those from poorer countries are allowed to come. Apart from the fact that non-EU immigration is not in the control of the Scottish Parliament, there must be some concerns about selective immigration from developing countries, creaming off the most skilled. If we are to make gains from non-EU migration, it should be a cross-section not just the highly educated and it should include an appropriate share of refugees. This can be part of the solution, but it should not be the whole solution. There are personal and social reasons for encouraging modest increases in births in Scotland.

Over the past 25 years the French radical, Andre Gorz, has promoted a new socialist model – a society that embraces modern technology to achieve a very short working week for all and active state support to encourage people to engage in work of personal choice outwith the commercial market, like caring responsibilities, creative recreation, self-provisioning¹⁴. While his full model requires a radical socialist departure from capitalism, he also identifies steps towards this objective more readily accommodated within current European economies¹⁵. The American writer, Jeremy Rifkin, has also promoted the 30 hour week¹⁶. And, of course, the French Government introduced the 35 hour week and recent attempts to modify this are being met with very strong resistance¹⁷. A new working time pattern would also address the ageing population issue – a much shorter working week and a later retirement age would create a more desirable work-life balance. This will not happen on a voluntary basis; we have seen the way in which the UK's opt-out of any legal enforcement of the European Time Directive, enables employers to do what they want. Ideally this should be enforced across the board to encourage an even playing field, but a start in the public sector and in contracts that are publicly-financed would be within the power of the Scottish Executive. Trade unions and political parties in Scotland and the UK have been negligent in promoting the reduction of working hours and they should be making a programme of phased

reductions a priority. If you combine this with extensive local provision of cultural and sporting recreational centres, craft workshops etc., you begin the process of stepping back from the commercial commodification of all aspects of our lives. It would leave men and women with more time for children, for voluntary work, for recreation, while enabling men and women also to develop their skills in formal work. This is the kind of visionary, quality of life agenda that the Left should be pursuing and it offers women the best chance of playing the central role in the workplace that they clearly have shown the ability and desire to fulfil, while enabling them together with their partners to have children, if they wish, without the high-stress time poverty that discourages many from parenthood.

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Culture

Cathie Peattie MSP

"If we consider the matter in a proper light, we shall find that a progress in the arts is rather favourable to liberty, and has a natural tendency to preserve, if not produce a free government." (David Hume, Political Discourses, 1752)¹

... and Devolution

The creation and early years of the Scottish Parliament have been accompanied by a widely stated belief that there is a renewed vibrancy in Scottish cultural life. The advocates of this viewpoint have convincing evidence of the increased stature of Scottish artists in the commercial parameters of awards, audiences and sales. Less easy to substantiate, but also broadly supported, is that this is the tip of the iceberg.

As to the causality of the relationship between Scotland's political renewal and its cultural renaissance, for a common antecedent to both we need look no further than the reaction against the political and cultural subjugation of Scotland during the eighteen years of Conservative government that followed the failure to secure a Scottish Assembly in 1979.

This is not to deny the deep roots of Scotland's desire for greater political and cultural freedom. Rather, it highlights the concentrating effect of an era when elected Scottish Tory politicians were an endangered species, but the UK government made Scotland the test bed for the poll tax, caused strife in our communities, and destroyed our mines and our industry.

Out of adversity, we sought to assert our identity and gain greater control of our

destiny. By the time Labour won the 1997 election, the campaign for a Scottish Parliament had built up such a head of steam that obfuscating arguments about the powers of parliament and how many questions should be posed in the referendum could not stand in our way.

Casting aside the Tories at Westminster, and the consequential establishment of a Scottish Parliament, were confidence boosting victories for Scotland. They were simultaneously the catalyst for, and the product of, the resurgence of Scottish identity and culture.

Since the Parliament came into being, that process has continued. The political and cultural life of the nation has been enriched.

The Scottish Parliament has been a catalyst for the strengthening of Scottish cultural identity – but the upward curve of Scottish cultural capital is at least as much to do with the mere fact of the Scottish Parliament's existence, as it is the result of action by the parliament.

The National Cultural Strategy

This is not to say that nothing has been done in the last six years. We have had our debates and decisions. We have had the National Cultural Strategy and annual reviews. We have had crises in the national companies, and other problems, which have been addressed with varying degrees of success.

There have been new ideas, and the participatory nature of the parliament has created inroads for activists. Committees, cross party groups and numerous events have facilitated contact with MSPs to an extent that was not possible at Westminster (for geographical and institutional reasons).

St Andrews Day Speech

But this was not enough, as the First Minister, Jack McConnell, said in his St Andrew's Day speech at the Royal Scottish Academy of Music and Drama on Sunday, November 30, 2003.

"The National Cultural Strategy was a bold starting point ... Now, more than three years on, we need a greater sense of ambition in our approach to culture ... over the coming weeks, Frank McAveety will

launch our consultation on the future of Scotland's cultural organisations and announce the initial key appointments for our new National Theatre.

In the 20th Century it took immense courage and political resolve to deliver universal health care and school education for all. Today these rights are unquestioned, pillars of modern society. I believe we can now make the development of our creative drive, our imagination, the next major enterprise for our society. Arts for all can be a reality, a democratic right, and an achievement of the early 21st Century."

We needed a long-term vision. The speech was a strong statement of the central importance of arts and culture to the parliament and the nation.

As the Universal Declaration of Human Rights states: "Everyone has the right to freely participate in the cultural life of the community, to enjoy the arts and to share its scientific advancements and its benefits."

Cultural Commission

So the Minister set up the Cultural Commission, which after some initial coming and going from its board, numerous submissions and consultative meetings, and a year of deliberation, brought forth its report as the basis for political debate about our culture policy for decades to come.

Many people hoped that setting up the Cultural Commission would lead to a great leap forward, or even a cultural revolution. Others were somewhat more sceptical.

The report is certainly great in size. When a report runs to 500+ pages, it is to be expected that it will be a mixture of good, bad, and ugly. Taking the first last, it is overlong, under-edited, subject to unnecessary duplication, and has a few candidate paragraphs for the Plain English wooden spoon:

"The status quo lacks clarity or coherence in terms of an overall governance structure or underlying principles. As a result, it is hard to argue that it allows for the overall performance of the structure to be assessed or the contribution of each main component to be accurately measured. While it is possible at present to assess each

component in its own terms, each tends to operate in a different way on differing models of structure, so failing to facilitate a coherent pattern of assessment.”

OK, it's out of context – but the immediate context refers to the cost effectiveness of governance structures, and the broader context is widely dispersed throughout the document. It's not a document that can be dipped into; with the exception of the 130 pages of references in Annex L, it is a document that needs to be read as a whole.

As to the bad, there are sins of misplaced emphasis, under emphasis and perhaps surprisingly, omission. Despite the 500-plus pages, there are important issues that receive scant attention and areas the surfaces of which are barely scratched.

It does not directly address inherited cultural inequalities or tell us how to ensure that rights and entitlements are available to and appropriate for all. For example, the concept of social inclusion has a name check in the report. There are few references to disability in the document, although there are half a dozen in Annex L, which comprises. There are also four other references, to architectural design, to the financial burden of the Disability Discrimination Act 1995, to home deliveries from the Falkirk library (a good library, I have to say) and to social security in Croatia.

Beyond references to being able to get into buildings, I found next to nothing about how to ensure that artists, performers and the public, have equal access to and entitlement to participate in the cultural life of our nation regardless of disability.

The report proposes a conference for young people about transport, which is a great idea, but why not a conference on disability and the arts? After all, young disabled people face multiple barriers. They are excluded from cultural events and the issues are not only about transport, but also about prejudice and lack of facilities. Young disabled people are told, “I’m sorry, there’s no loos,” or, “There’s boxes in the loo for the disabled folk,” or, “You can’t come because you’re a fire hazard.” That inequality is not acceptable.

Mainstreaming equality means that proper consideration should be given to those issues, not only by the Parliament and its Equal Opportunities Committee, but also by those who consider our cultural policy.

Rights and entitlements must be wide-ranging and robust enough to ensure that there is a fair distribution of cultural capital. Of course, whenever we discuss social and cultural capital, the issue of financial capital is seldom far away. Funding issues must be addressed, which means more money.

It also means getting the right mechanisms for the allocation and distribution of funding. In doing so, we must avoid some of the errors of the past, and I do not think that we need another body with its own institutional agenda, impervious to the views of other stakeholders. We must democratise the arts, creating a mechanism that allows for a diversity of stakeholders to influence the development of the arts.

The broad and diverse swathe of those who are involved in traditional arts, popular and performing arts, libraries, galleries and the so-called high arts, trade unions, voluntary organisations and civic society must all have access to the decision-making process. Making culture an integral part of community planning would help only if planning was open and accessible to stakeholders in communities; that is not always the case.

With regard to traditional arts (a subject close to my heart) I am pleased that dance, music and storytelling are considered in various contexts and that there is a language recommendation that the Scottish Storytelling Centre should be resourced and developed to implement a national strategy for storytelling. I would like to have seen many more recommendations and am really disappointed that they are not there. We don't nurture Scottish Traditional Arts too well.

I know that broadcasting is reserved, but we have a duty to say what is good for Scottish culture. I would have liked the suggestion that there should be a digital radio station devoted to the music of contemporary Scotland to have been made as a recommendation. It would also have been good if the report had said that that should not be a substitute for more prominent use of such material by Radio Scotland.

I am not in favour of a wholesale adoption of the report's recommendations. However, I do not want it to be sidelined. We need to start work on this important issue and we need to move forward quickly; past standards have not given us any cause for hope about how quickly we can move.

I was heartened to hear in the Parliament's debate on the report, the Minister,

Patricia Ferguson, say that she will come back to the Parliament to discuss how we implement the report. We are all responsible for ensuring that it does not die and for encouraging other people to debate and discuss what should be happening. Cultural prescription should be avoided, but cultural participation is a right.

That's where we are, some options explored and others neglected, a little further forward, but still not sure where we are going or how we get there.

What Next?

So there is still plenty of scope to ask: where do we want to be?

To get a better perspective, it helps to step back a few paces – and then perhaps a few more. Have we properly established the common ground? Are we all talking about the same thing?

What is Culture?

Culture is a many splendoured word, whose range of meaning has changed and continues to change. Its oldest meaning is cultivation, to which was added the high arts, followed by a broader spectrum of artistic activity, then further broadening as a result of use within the fields of sociology and anthropology.

Are we talking about culture as purely artistic, or do we mean “the totality of socially transmitted behaviour patterns, arts, beliefs, institutions, and all other products of human work and thought”?

Culture, Class and Poverty

The former has a clear historic class bias that has been perpetuated through the institutionalisation of art. We may intend to make “the arts” open and accessible to all, but in practice barriers persist in a path dependent world of cultural haves and have-nots.

Of course there are exceptions, such as musicians who fight against the commercial control of their music; or artists who become successful despite their work being derided (though when a Vettriano work sells for three-quarters of a million, there is a mixture of rearguard rubbishing and critical reassessment).

This cultural inequality has been reinforced by the controlling influence of “establishment” values and vested interests; not least those associated with material wealth, whether arising from, or dedicated to, the conspicuous consumption of art, and as objects of desire for the aspirational middle classes. It is also reinforced by the inverted view, traditionally prevalent among the working class, that culture is the preserve of others.

It is not fashionable to adopt a class analysis of culture, and doubtless some people will dismiss the above as an out-of-date caricature; but while it may be subject to the health warnings that come with any generalisation, it is not without substance. The arts can be big business: important to our economy, but by the same token, not immune to the laws of supply and demand.

The current approach to culture recognises this and seeks to address it by establishing a level playing field of rights and entitlements. In effect this creates a cultural benefits system to address cultural poverty, which is strongly linked to other forms of poverty.

Whose Culture?

What it does not do, is address the issue of whose culture is being supplied and how broadly that culture is conceived.

“... very few people living on low incomes regularly attended fine arts events and institutions. A significant number of those interviewed who had been to an arts event were put off going a second time because they had an unpleasurable experience. For many people, it is the context in which the artform is presented that makes a negative or positive experience and this context is frequently determined by the culture and assumptions of those who present the artform.”

A system of cultural rights and entitlements should not be prescriptive: it must recognise the broader context and diversity of culture.

Creating Cultural Capital

Neither is it adequate to simply provide channels for stakeholders to influence cultural policy, without also tackling social and cultural exclusion through a strategy to develop people's cultural capital – i.e. their knowledge and understanding,

and hence the confidence of their approach to cultural participation.

This can be accomplished through a variety of means, though the education system is clearly central. I must emphasise yet again, however, that such education should pertain to cultural skills in the widest sense. It's not a question of one culture versus another; it is about having the tools – the capacity – to appreciate and understand our own culture, and being able to apply those tools to acquire knowledge and understanding of other cultures.

Forward not Back

The Cultural Commission report, to its credit, touched on some of these matters, but spends a large part of its time considering the pros and cons of the various structural options, trying to reconcile conflicting views about how arts funding should be administered. I've got a few views on that too, mostly concerning the relative distribution between high arts and popular arts; and other cultural pursuits that are left out of the equations.

But for an organisation charged with bringing forward a vision for the next quarter century, it looks awfully like one that is refereeing between the institutions of the last twenty-five years – and one that shares their institutional conceptions and conceits about high and popular culture.

For the moment, however, the report is the only game in town. We need to move forward with it, or perhaps despite it, but we can't afford to forget about it. We need to steer cultural policy towards a strategy that tackles social and cultural exclusion with respect for the ethnic and social diversity of cultures and subcultures that collectively form Scottish Culture.

Answering the Right Questions

I don't have all the answers to how this is achieved, but what I do know is that if we don't ask the right questions, those answers will continue to elude us. To quote from a recent academic paper:

"The issue is therefore how a broadened approach to inclusive forms of cultural citizenship might be developed which go beyond the promotion of more equitable patterns of participation in those forms of cultural activity (like going to the theatre or art galleries, reading

'literature', or listening to Radio 3) that have historically been ranked as high culture and which, in terms of the demographic profiles of their publics, have been markedly socially exclusive. This opens up a widened horizon of cultural activities, exclusion from which, for whatever reason, would count as a civic disadvantage."

To which I would add simply that such participatory cultural citizenship should form the basis for the open, democratic and transparent cultural institutions of our future.

Mainstreaming Cultural Inclusion

Much work has been done in the past six years in the Scottish Parliament to mainstream equalities. The statutory sector is aware of its duties and will be measured on their performance. There is still much to do in this field, but at least every agency acknowledges their responsibilities.

I feel it is time to move towards mainstreaming arts and culture in the same way as equalities. For too long arts and culture have been an add-on, an afterthought, or someone else's responsibility, and access for local people has all too often been based on short-term, low priority funding.

With political leadership and real commitment to the cultural rights of our people, all of those involved in service provision, in local and national government, must take on this vital ethos. If we are serious about mainstreaming culture, we must add cultural inclusion to social inclusion at the heart of our political agenda for the 21st century. Then perhaps "arts for all" may really mean arts, for all.

References

I This enlightened quote provides an interesting contrast with the views of Arts Council Chairman Lord Goodman, who over two centuries later (1967) said: "One of the basic freedoms of the Englishman is freedom from culture."

Scottish identity is of course many things to many people, both as we see ourselves and as others see us. The Scottish Parliament has changed both our self-image, and how we are perceived elsewhere. Defining Scottish identity is a perennial topic for student projects and theses, not to mention late night drinking sessions. I wouldn't want to spoil anyone's fun, so I will just say that over ten thousand web pages refer to it, and the answer is, collectively, out there.

The document refers to rights being what we should be able to do; and entitlements being what we should expect to be provided. This distinction is useful within discussion of policy, but as the basis for legislation requires a health warning: how will we resolve what rights and entitlements we have, whether they are immutable or revisable, how they can be safeguarded without being straight-jacketed, how to address cultural inequalities past and present, and so on?

Poverty: Access and Participation in the Arts (Working Group and Jeanne Moore) ISBN: 0-906627-76-1 Arts Council/Combat Poverty Agency (Eire, 1997)

Bourdieu defined three fundamental forms of capital: economic, social and cultural (which could be further differentiated with the addition of human and natural capital). All of these forms can be sources of social advantage and social class differentiation, but there is debate about the interplay of these factors. Bourdieu put forward the theory that lack of cultural capital was an important factor in social exclusion, but being something of a cultural snob himself, thought the remedy was to educate people better about high culture. While economic forms of capital have been subject to extensive study, and the importance of social capital has been widely recognised, including by the World Bank (www.worldbank.org/socialcapital), cultural capital has received less attention. Worthy of note is the Open University's Cultural Capital and Social Exclusion Project (<http://www.open.ac.uk/socialsciences/sociology/research/ccse/>).

Cultural Capital and Cultural Policy, Tony Bennett & Mike Savage, Cultural Trends Vol. 13(2), No. 50, June 2004, pp. 7-14

Myths and 'Myths' of the Highland Clearances

David Craig

On June 12 1883, on Lewis in the Outer Hebrides, John Smith, a crofter from Balallan, testified that after emigration to Canada under some duress, his sister and brother-in-law found their hair 'turned white as a seagull, mourning for the land they had left behind'¹. In 1982 Morag Shaw MacKenzie from Coigach in Wester Ross said that back in 1820 the laird's wife 'found the sight of so many peasant doorways on the Badentarbat hills so obnoxious that she made them turn the doors to the other side of their houses'². In September 2000 Willy MacPherson, a crofter at Loch Eynort on Skye, told me: 'When they wanted to get rid of the woman up there [c. 1840, in a house still visible, ruined, on Cnoc Loisgte, hill of the burning], they put a match to her thatch, and the butter and cheese were melting and running away down the hill. And that was her winter's keep.'

Each of these items, spoken in good faith, could well be true. They could also be mythic – memoir turned into a story that alters details in the direction of the symbolic – less actual, more imaginative. After all, it is possible, rather than probable, that hair would turn white so quickly, on two heads unrelated by blood, or that a whole township of houses would be converted on a lady's whim, or that a store of cheese and butter would be so copious that it poured down a rough hill slope. Still, each event is possible and what each one figures is a breach in nature: on Lewis, in the body's ageing; at Badentarbat, in the stability of the homestead; above Loch Eynort, in the staple food-supply by which we live.

This is one of the commonest forms of Clearance memoir – a drastic story, which

in its kernel is not impossible, which cannot be confirmed from another source, and which we believe or not according to its inherent convincingness, its 'ring of truth'. To take four more examples, in decreasing order of probability: On Raasay, east of Skye, in the 1780s and again in the 1840s, people faced with emigration tore grass up with their teeth and took handfuls of earth and grass from the graves of their dead 'as mementoes'³. In northern Sutherland, when cleared houses were being burned in 1819, the clouds of smoke 'extended far on the sea' and 'a boat lost her way in the dense smoke as she approached the shore'⁴. In South Uist, when a clearance was imminent, waterspouts swirled up out of the sea and dropped fish onto the moor; and around the same place and time a file of the 'great sheep', the incoming Cheviot breed, were seen passing through the embers of a fire⁵. In eastern Sutherland a little red figure was seen behind a dyke and near a burn, 'a certain sign of death and eviction' in one local view; in both cases eviction followed⁶.

It is obvious to us now which of these is impossible. Fish have been known to fall on land after a waterspout. The timing of this occurrence on list, along with the ghosts of the sheep and the red man apparition, must have swarmed up out of people's imaginations because of social stress – the shock, dismay, or panic you might well feel if you were faced with having your roof burned so that you could never return to your home, the worry and outright fear at the prospect of resettling on a wild coast in Canada or Australia, to fish without gear or experience, or of embarking on the ocean in a small ship without resources to re-establish yourself in a strange country of snows or virgin forests. It strikes me as unlikely that the burning of comparatively small numbers of thatched roofs would have sent a pall of dense smoke twenty miles down Strath Naver to the Pentland Firth – the stonemason Donald MacLeod, writing thirty years later, after the death of a wife maddened by eviction, could well have been exaggerating. James Boswell, unlike MacLeod, was not present at the event, when the Raasay people tore at the ground with their teeth. The boatman who described the taking up of earth from the graveyard was recalling the evictions at first hand and what he was reporting was customary – the exchange of the *fad seilbh*, the turf of ownership, when land changed hands.

This gamut of actuality – from the factual to the fanciful, from the likely through the possible to the impossible – is something we have to cope with if we are to know and understand the Highland Clearances. No cameras were available to photograph the events of 1790 to 1850 and journalists did not arrive to cover the evictions until, most notably, Donald Ross the campaigning lawyer wrote pamphlets and accounts for the *Northern Ensign* of clearances along Loch Eishort on Skye and

Knoydart and Strath Carron on the mainland, in the early 1850s. Any eye-witness records of clearance, therefore, are likely to be words spoken by the evicted people themselves, whether recorded at the time (extremely rare) or at one, two, or three removes, as the families pass on memoir of what their forebears went through.

This kind of material habitually gets a bad press, whether from government appointees, landowners' representatives, or academic historians. The Report of the Napier Commissioners spends a page casting doubt on the crofters' testimony (the bulk of their evidence) and only two lines on the 'influences of prepossession or interest' which may similarly skew or taint the evidence of lairds, their factors or managers, and the well-to-do tenant farmers (as distinct from crofters)⁷. The fact is that witnesses from whichever side in a situation tend to testify in a way that benefits their cause. The Napier Report contains instances where factors, for example, were able to refute, or at least deny, the precise facts of a crofter's grievance. Equally there are cases in which an estate spokesman distorts or withholds a fact which would give the lie to his own case, e.g. the assertion by the factor for Sconser in Skye that the fencing round the croftlands could keep the red deer out – two years later £124 worth of damage had been done to the crofters' crops⁸. Or again, the assertion by the estate manager of Lewis that the Loch Seilg crofters were too far from the Shiant Islands to fish there, and might as well be evicted, although the people had known that sea intimately for generations and fished there successfully⁹.

Although Lord Napier and his commissioners purported to honour the 'native intelligence' of the 'poorest and least educated class', they stigmatise the 'tales that pass from mouth to mouth' as 'loose and legendary'. They also squirm with discomfort when the crofter witnesses speak their minds in vehement, heartfelt, and physical language (e.g. Napier QQ.30056-30, 30065, 38224-5). Such mandarin scepticism has recently been invoked by the wife of the great-grandson of Patrick Sellar (most notorious, though not most brutal, of clearance managers) to justify her blanket discrediting of crofter memoir as invalid – 'people unused to thinking for themselves [tend] to accept any fact as true because someone tells them it is so'¹⁰. Mrs Richardson has a family axe to grind. No such bias affects the chief historian of the Clearances, Eric Richards. His mistrust of first- or later-hand memoir leads him to insist on 'a degree of parallel contemporaneous corroboration that you may regard as unsympathetic and pedantic', as he wrote to me recently. Of course he is right not to swallow whatever may be bandied about. Who can not be struck by the difficulty of knowing what happened unless – or even if – you were there yourself? It remains the case that eye-witness memoir is indispensable if we

wish to know what it felt like to be evicted, how it was done, what it smelt like, where the cleared folk went that night, how they swallowed, or nurtured, their rage and despair. Let us see how these experiences come through the oral channels and then consider what tests should be applied to that kind of evidence.

For a start, how were the evictions carried out? Most crofting families left their homes after being served with notices to quit when their leases were expired. That short verb 'left' covers a gamut of incidents, including the notorious burning of roofs. What was burning in the first place was the family fire, which in the old houses was in the middle of the floor. The habit was always to keep at least one fire alight in the village, to make it easy for each house to re-kindle after the thatch had been taken off in early summer to renew the covering and spread the old, soot-caked bent-grass or heather over the fields as fertiliser. To keep the fire on continuously, especially by covering them with turfs at the day's end, was a necessity which in the Catholic islands took on the quality of a sacrament, as in a rhyme sung in Barra:

*I smoor my fire tonight
As Mary's Son would smoor it
May God surround myself and the fire
May God surround myself and us all
May God surround myself and the hearth...
An angel in the door of every house
To shield and protect us all
Till white day comes in the morning¹¹*

Since the estate men who were doing the evicting intended that the houses would never be lived in again, each fire had somehow to be put out, or 'quenched'. The testimony that we have covers, for example, Barra, Lewis, Great Bernera, Harris, Strath Naver... at the last of which the water poured down the smoke-hole 'created a volume of smoke, mingled with ashes, that filled the whole place, and made breathing most difficult.' Sometimes the fire simply went out when the estate men pulled the roof off with their hooks and it fell down and smothered the embers, as at Kilbarr on Barra¹². What eluded the record till recently, although it was well enough known among the people themselves, is that to enforce the eviction by a double body-blow at the family, the estate men sometimes put the fire out by pouring the day's supply of milk onto it. Mary Morrison, whose family were cleared from Borerraig on Loch Eishort in Skye in 1853, reported to me her father's boyhood memory of the event: 'One thing that he always used to mention, he

remembered the bailiffs putting out the fire with the basins of milk – you know that they set the milk for cream to make butter, and they put out the fires with the basins of milk.’ This also happened at Tormichaig on the Skye coast opposite Raasay and in Baile nam Bodach on the east coast of Barra¹³. The laird’s (or his employee’s) way with the milk manifested the same sort of sadistic efficiency on Unst in Shetland, which was reached by the wave of clearance last of all, in the 1860s. A woman in arrears of rent was milking when the men came round: ‘He kicked the milk over: “That doesna beleng to thee”¹⁴’.

Are such memoirs ‘loose and legendary’? Because there is no ‘parallel contemporaneous confirmation’, we can’t be sure. Is this grounds enough for doubting if such things happened? Consider the detail and the wording of the many oral memoirs. The Shetland story, which I was told by Alan Fraser of Crosbister, includes direct speech and is in no way melodramatic. The ‘villain’ is presented dispassionately, without emotive language. The same is true of a story from Alastair MacKinnon, postman at Sasaig in Sleat, who told me how his grandmother was evicted from Suishnish a little west of Boreraig:

“The milk basins [were] poured outside and the cottages wrecked so that the people could not return... They went towards Boreraig and Heast along Loch Eishort side and finally to the Sleat road just beyond Drumfearn. Here they spent the night in the open, and milked their cows. My grandmother, Kirsty MacPherson by then, used to relate this experience to my mother, saying her eyes shed more tears that evening than she received milk from the cows.”

The closing sentence has palpably become almost proverbial with the family – an inherently striking turn of phrase which epitomises the family ordeal. The same is true of a memoir of the burning told to me by a North Uist crofter, Murdo McCuish. His grandmother told him about their eviction from Sollas in 1849:

“I remember her telling me that they were making a tweed and hoped to have it finished... And they got as much of the furniture out as they could, but they knew they wouldn’t have much time to get the loom out, so they were just going to leave the loom in and cut the tweed out of the loom. But the next thing they knew, they had fired the thatch, and it was so dry the sparks were coming through the thatch, and they had to evacuate the house. The loom and the tweed were burnt in the house. They hadn’t even time to cut it clear.”

Again no melodrama or bluster, no taint of propagandist exaggeration. And the detail of the burnt loom and tweed is so telling that if we came across it in a novel, we would be deeply impressed. The same is true of a memoir of the Borerraig evictions told me by a lobster fisherman called Neil MacKinnon who lives in the next township, Heast:

“When the estate men came to the house they asked for a drink of water, and she was going to give them a drink from the wooden bucket, it was called the cuinneag, which would be standing by the door, with a lid on it. But the men said, ‘This water has been in the cuinneag all night, we want it fresh from the well.’ So she went to get it, and when she came back the roof was afire. She was in a terrible state – ‘What will I do? What will I do?’ And they said, ‘Do what the crows do.’”

Neil had this from his maternal great-grandmother and it concerned another family. Does this affect its credibility? The families lived not many yards apart, and memories of this kind must have been swapped incessantly for years after the people were relocated (often to the same ‘reception areas’). So firsthandness is not much infringed. The only Napier witness in 1883 who had been alive during the Sellar evictions of 1814 in Strath Naver was Angus Mackay. His parents had been warned out by the factor and began to move out with their horses, cattle, and sheep, leaving their little sons sleeping in the house:

“There was a woman came in and said – ‘Won’t you wake up, Sellar is burning at a place called Rhistog...”

Did you see any burning houses in Strathnaver? – No, I did not. I was naked when I went to the river; and when they took me out of it my friends took such care of me that they dried me and put me into a bed... All [the houses were burned] from the river Owenmalloch and another river coming into Strathnaver from the east side, down to Dunvedan burn...

Were the people very willing to leave Strathnaver? – You would have pitied them, tumbling on the ground and tearing the ground with their hands.”¹⁵

Ms Richardson takes this to mean that Angus Mackay saw no fires with his own eyes and is therefore to be discounted entirely. This would entail our supposing that he fabricated a lengthy testimony complete with direct speech and many place-names.

In fact he scrupulously refrains from claiming to be a veritable eye-witness of the fires, and in any case you do not have to see fire to know it is there. A woman from further south and east in Sutherland told me that one of her family, during the Napoleonic Wars, was wakened by her mother, in the township of Inchcape in Strath Fleet: 'She was taken to the window... and saw a red glow in the hills opposite. She asked what it was and her mother said in a grim voice, "They are putting fire to Lettaidh. The people [including some relatives] have been put out." Lettaidh is a mile across the valley from Inchcape – much the same distance as Angus MacKay's home from the fires in Strath Naver.

The same questions about credibility and presumptions of unreliability apply to the memoirs we have of the flight from clearance. A motto for this can be found in the words of Grace Mann of Mid Yell in Shetland, who told me about her father's eviction from Vollister in November 1867, when he was five: 'What they had they took with them.' Cleared people habitually carried away the entire makings of their homes. They carried 'their bundles of clothes and household effects', as a young geologist called Archibald Geikie witnessed in Strath Suardal in south Skye in the 1850s. They carried the better stones from their houses, lintels for example – some of these can still be seen, e.g. stones from the islet of Killigray brought over to Obbe in Harris by the forebears of Norman MacLeod in the 1840s and now in use again as steps in his garden. House stones were brought away in Sleat, along with potatoes already planted, which had to be dug up again, as they were at Camb in Mid Yell. The fuel supply, the peat stack, had of course to be moved. In Weisdale on Shetland Mainland the great-grandparents of a man I spoke to carried across the hills, five kilometres from Upper Weisdale to Aiths Voe, everything from the sieve to the lasts for boot-making, even the roof-trees and the hastily gathered crops. People unable to walk were carried, the babies of course (carried uphill by an elder sibling, then downhill by a younger one) and the infirm adults. In Morvern on the Argyll mainland, the township of Unnimore was cleared by the absentee landlord, who lived in Edinburgh. Nary Cameron told her minister in Glasgow many years later how her husband had carried his aged mother steeply uphill, then down to the coast, at least eight kilometres from their home, where the steamer took them away to the Lowlands¹⁶.

Perhaps the printed word of Geikie the professional man, which is constantly cited, counts as the 'parallel corroboration' of the 'loose and legendary' word-of-mouth gleaned from the descendants of the cleared? Are we bereft of good evidence when, as is usually the case, there are no 'contemporaneous parallels' to be found? Consider the memoir told me by Robert Johnson, crofter at Setter in Mid Yell,

whose forebears were cleared in the 1860s:

“Grandfather came from Camb to Hevdagarth on the voe there in 1868 – he was warned oot sae aften it broke his hert. He had dug most of that park [at Camb] by moonlight. The hoose he cam into, it was supposed to be disinfected but it can’t have worked and the boy died – his eldest son, Charles. Grandfather was buildin corn in the yard when they got the forty days’ waarnin. The peats was brought hame, o coorse. The taaties wasna up but they were alloosed to tak up the taaties. They had the boat, they could drag it doon to the voe. When they were pit oot o the hoose, the dinner was boilin. The roof was torn aff – they could get no men in the island to act as sheriff officers, they brought men frae Larwick. Was it like that in the Highlands? My grandfather was carryin for weeks. The grand-uncles had to be led, John and David, because they were blind – everyither sense was intensified, they could set the nets...”

This memoir, set down as it was spoken to me, is manifestly one of the most complete and crucial from the family’s chronicle, passed on by word of mouth across a hundred and twenty one years. With just the one touch of explicit emotion, it gives us an experience which is both individual and typical. The corn, the potatoes, the dinner, the peats, the roof, the boat. The several generations of family, the strangers brought in to do the dirty work. Here are the living organs of a culture, exposed at a crisis. As evidence it strikes me as the most telling possible, fit to take its place beside, for example, estate documents, Blue Books, and contemporary newspapers.

Do such words as Robert Johnson’s need corroboration from documents, any more than documents would need corroboration from oral sources? Probably no historian would see reason to doubt that clearance on Yell was like that, or that it was typical. (Robert Johnson on the same occasion offered equally exact details of which roof timbers were taken off, both lawfully and unlawfully, on the neighbouring island of Fetlar.) The historians almost never use such firsthand memoir. It is missing from the work of John Prebble, James Hunter, J.M. Bumsted, T.M. Devine, and Eric Richards – all of them thorough and several of them in full sympathy with the crofters cause¹⁷. Richards asserts in his most recent book that ‘The events [of the Highland Clearances] have now receded into the distant past, beyond the direct memory of any living person or even their parents’¹⁸. A sense of distance has not been part of my experience as I have listened to many dozens of men and women from Barra up to Unst, from Blairgowrie to the Kyle of Tongue, and it was not true,

when I started intensive fieldwork in 1987, that memoir from the parents of living persons could no longer be got. We can still know what it was like to be evicted if we listen to the grand- and even the great-grandchildren of the cleared. Our history will be lacking in the reality that inheres in firsthand, personal and physical detail unless we give their evidence a central position.

The Irish Republic realised this when their Folklore Commission, fifty years ago, employed twenty two workers to collect two thousand six hundred pages of oral testimony from people whose parents and grandparents lived through the Great Hunger of the 1840s¹⁹. Scotland has left it rather late. A complete record of cleared places could still be made and a wealth of memoir can still be gleaned from people of Highland descent in Scotland and abroad. Most of it will lack 'parallel contemporaneous corroboration'. What it will amount to is probability or possibility. Neither of these is a certainty or fact. What they are is social likelihood. We can then respond according to the quality or ring of the memoir as utterance and also according to our knowledge of how the powerful have treated the powerless in other parts of the world, in the Kandyan region of Sri Lanka, at Pari-haka in New Zealand's North Island, in Gran Canaria, in St Kitts, Cuba, and Hispaniola in the Caribbean, in the Andes and Patagonia and across the whole of North America: almost everywhere.

1 *Evidence Taken by Her Majesty's Commissioners of Inquiry into the Condition of the Crofters and Cottars in the Highlands and Islands of Scotland* (Edinburgh and London, 1884) [hereafter referred to as 'Napier' J, Question 17315.

2 Eric Richards and Monica Clough, *Cromartie: Highland Life 1650-1914* (1989), p 442

3 *Boswell's Journal of a Tour to the Hebrides*, ed. F.A. Pottle and Charles H. Bennett (1936), pp 242-3; *Minutes of Evidence Taken Before the Royal Commission (Highlands and Islands)* [the 'Deer Forest Commission'] (Edinburgh, 1895), Question 361.

4 Donald MacLeod, *Gloomy Memories in the Highlands of Scotland* (Edinburgh, 1841; 3rd ed., Toronto, 1857), pp 16-17.

5 David Craig, *On the Crofters' Trail* (1990), p 52.

6 *Stories of the Supernatural from Helmsdale and District* (Helmsdale, Sutherland, c. 1985), Nos. 48-50.

7 Report of the Commissioners, pp 2-3.

8 Willie Orr, *Deer Forests, Landlords and Crofters* (Edinburgh, 1982), pp pp 130-1.

9 Napier Report, p 160; Adam Nicolson, *Sea Room* (2001), pp 73, 266-7. The difficulty of being sure what happened, when, and where is illustrated by the conflicting accounts given by the crofter and the factor who testified to the Deer Forest Commissioners about who occupied the south shore of North Harris: see Bill Lawson, *Harris in History and Legend*

(Edinburgh, 2002), pp 146-7.

10 Dorothy Richardson, *The Curse on Patrick Sellar* (Stockbridge, 1999), p 94.

11 Alexander Carmichael, *Carmina Gadelica* (1900-1971; Edinburgh, 1992 ed.), pp 297, 632.

12 See, e.g., Deer Forest Commission, Q.28229; Napier, QQ.10324-5.

13 Craig, *Crofters' Trail*, pp 28, 38, 270.

14 Craig, *Crofters' Trail*, p 346.

15 Napier, QQ.25592-600.

16 Archibald Geikie, *Scottish Reminiscences* (Glasgow, 1904), pp 226-7; Craig, *Crofters' Trail*, pp 27, 34, 161, 295, 339, 341-4; Norman MacLeod, *Reminiscences of a Highland Parish* (1863), pp 294—5. adopted and reproduced in full in 'The Glens of Silence, Birlinn, Wildcountry' (1989) p 89

17 John Prebble, *The Highland Clearances* (1963); James Hunter, *The Making of the Crofting Community* (Edinburgh), 1976; J.M. Bumsted, *The People's Clearance* (Edinburgh and Winnipeg, 1982); T.M. Devine, *The Great Highland Famine* (1988); Eric Richards, *A History of the Highland Clearances*, 1 and 2 (1982, 1985); Richards, *The Highland Clearances* (2000).

18 Richards, *The Highland Clearances*, p 3.

19 Brilliantly compressed in Thomas Gallagher, *Paddy's Lament* (1982; Swords, Republic of Ireland, 1988).

“Scotland Small? Our Multiform, Infinite Scotland Small?”

Hugh MacDiarmid
'Direadh' 1974

Aalya Maan

To call any group of modern day Scots 'Real Scots' is as misleading as it is historically inaccurate and espouses a fairly superficial view of Scotland's rich history. Scotland is simply a piece of land where numerous peoples have arrived, conquered, settled, lived, died and left their mark. For any one group to claim ownership of this fascinating country which has existed for so much longer than any of its people is impossible. The country as we now know it was moulded by its numerous immigrants and visitors, their cultures and descendants, their laws, traditions and language. Modern Scotland is an amalgamation of the different tribes and peoples who have lived here over the last 2,000 years. The Picts and Scots from Ireland, the 'British' from Wales, and the Angles of German origin were the core groups who united in 1050 to establish the Kingdom of Scotland. The Romans also left their mark and many descendants, and the influence of the French and English has shaped the language and culture of the country too. None of these groups were originally native to Scotland and all were immigrants at one time.

The last century has seen enormous change in Scotland, as much a result of immigration as of technological advances, cultural change and economic growth. Some groups arrived in sufficient numbers to form communities and have a noticeable presence in Scotland though needless to say there have been numerous immigrants of other nationalities too, but in much smaller numbers.

Scotland at the turn of the last century already had a huge immigrant community in the shape of the Irish, who had been arriving since the early 18th century to work in the burgeoning agriculture industry. The potato famine of the late 1840s

saw another influx of Irish immigrants and the 1851 census recorded that 7% of the Scottish population were Irish born. Over the next 30 years an additional 105,000 Irish arrived in Scotland. These immigrants contributed hugely to the industrial revolution, but their presence provoked racial tensions and anti-Irish riots in industrial towns, and they suffered violent attacks to both person and property. Immigration from Ireland continued into the 20th century, by which time the racism and violence directed towards them had begun to abate, perhaps forcibly as their numbers and political strength grew.

Since the end of the 18th century Scotland had also had a small Jewish community, but around 1880 Jewish refugees began arriving in Scotland fleeing the Czarist Pogroms in the Baltic States and Poland. At the end of the 19th century there were about 8,000 Jewish refugees in Scotland and they immediately found themselves the target of hostility and racism in the Scottish press. Due to the efforts of Scotland's small existing Jewish community in receiving these refugees however, they escaped the widespread resentment that the media portrayed. The Scottish Jews bore the cost of resettling the refugees and they did not compete with locals for jobs. Over the next few years some set up small businesses of their own, worked for their benefactors or became peddlers and eventually they numbered nearly 15,000. The Aliens Act of 1905 stopped any further immigration to Britain and the Jews continued to prosper in Scotland despite many families leaving for America after World War I. The Second World War saw another 1,000 or so Jewish refugees arrive and again they were received and resettled by the Scottish Jewish community. The present community numbers about 10,000 and has made its place in Scottish society while always retaining its religious identity and culture.

Italians also had a considerable presence in turn of the century Scotland. Italian arts and culture were hugely popular in the 18th and 19th centuries and Italian musicians and artists were among the first to come to Scotland, followed in the late 19th century by economic migrants. Many found work as ice-cream vendors and peddlers and the Italian ice-cream seller became a common sight on the streets of Scottish towns and cities. They did well out of this trade and more relatives and friends came to join the burgeoning community. Many of them were poor peasants or labourers from deprived rural areas and some had walked all the way from Italy, unable to afford the fare. These immigrants worked hard and many eventually went into business for themselves opening Italian restaurants, so that by around 1914 there were at least 300 such restaurants in Scotland. The numbers of new Italian immigrants were only curtailed when, after the First World War the British government introduced the Aliens Act 1919 in an attempt to halt the rush of post-war migration to Britain.

The Italian community in Scotland prospered and lived harmoniously with the Scots but suffered an enormous blow in 1940 when Italy joined forces with Germany and was at war with Britain. Italians across the country became targets of violence and anger. Their businesses and homes were attacked, even burnt down. On the 11th of June 1940, all Italian males in Britain were interned as enemy aliens and the women and children put into camps, partly for their own security. There they stayed until their release in 1944, after which they promptly returned to their homes and started again with what was left. Through hard work, patience and determination, they built themselves and their businesses back up and their restaurants, cafes and businesses were again full of Scottish customers. The post war economic boom brought another wave of Italians to Scotland and they presently number over 20,000. Many have married Scots and are very much a part of the Scottish cultural landscape, but still retain strong links with Italy.

At the start of the 20th century Roman Catholic Lithuanians arrived in Scotland fleeing religious and economic persecution by their Russian Orthodox rulers. Why they chose Scotland is not certain, but some may have disembarked on the way to America and decided to stay or perhaps they followed Latvian and Lithuanian Jews who had come to Scotland a few years earlier. These early Lithuanian immigrants were mostly men who found work in the industrial and mining towns of Lanarkshire, the Lothians and Fife. Once working some sent for their families and friends to join them. The community grew and by 1910 there were around 8,000 Lithuanians in Scotland. They faced the usual xenophobia and accusations of job stealing and lowering wages. To some extent this was justified as unscrupulous employers would no doubt exploit the newcomers' desperate need for work to pay them less; they soon realised this however and became Trade Union members. Small self-contained Lithuanian communities with their own shops and clergy appeared and in 1914 there were two weekly Lithuanian newspapers.

World War One brought an end to this spate of immigration from Lithuania and the second generation gradually began to assimilate into the indigenous population. Without the barriers of skin colour and religion they found it easy to integrate. Their parents had not spoken English so had been limited to socialising only within their community, but the children learnt the language and went to school with Scots, so were much less inclined to isolate themselves. Many married Scots and this process continued throughout the 20th century as the successive generations grew up feeling and living like Scots. Today there are few, if any, left who speak Lithuanian and maintain their traditions and culture. Whether this is an example of successful total integration or a loss of cultural identity is a matter of opinion.

The Second World War had a tremendous effect on Immigration trends around the world with millions of people displaced or fleeing their home countries. In 1939 Poland was invaded by Germany and then Russia, after this many civilians and soldiers escaped Poland and fled, first to France and then England. Polish soldiers were then sent to Scotland to be trained and reformed in huge camps along the East coast of Scotland. They patrolled and protected a section of the East coast and many soldiers married local girls so that in the early 1940's there was a 'Scottish Polish Wives Society' in Dundee. These soldiers in exile joined the Allied forces in 1941 on the understanding that after they had won the war the Allies would assist the Poles in the recovery of their country. This never materialised however, so Polish soldiers and civilians were reluctant to return to Poland where a Russian-formed Communist regime was now in operation and the British Government allowed them to stay.

The Poles were given help to resettle, hostels were set up in Scotland to house them and many unskilled men found work in farming, coal-mining and quarrying. At first Trade Unions opposed the recruitment of these immigrants as Poles were collectively considered 'fascists' by the Unions. This period of animosity was short lived though, as like the Lithuanians before them, certain factors made it easier for the Poles to integrate into Scottish society. The fact that they had fought alongside the Allies to preserve Britain's freedom was one of these; also many Poles had married Scottish women and were therefore now part of Scottish families and communities. By the early 1950's around 10,000 Poles had settled in Scotland and made lives for themselves setting up businesses including laundrettes, watchmakers, jewellers, cobblers and grocers. They also formed Scottish-Polish societies some of which still survive today.

Over the same period small groups of other nationalities came to Scotland to escape persecution or destitution in their home countries. Hungarians, Ukrainians and Greeks were among them, though none in numbers comparable to the groups covered so far. The largest group of immigrants Scotland has received recently is the 'Asians', namely those of Indian or Pakistani origin, though until the partitioning of 1947 both these countries were India. Their presence here is the result of a long-standing relationship between these disparate countries which was established hundreds of years ago.

The East India Company was founded in 1600 for the purpose of trading with the East, but particularly India. Over the next few centuries Britain acquired enormous wealth from trade with India and ultimately, ownership of this crumbling Mughal

Empire. Due to their vast military superiority they had absolute control over millions of people in far reaching territories and of course with this power came corruption and exploitation. They could trade without restriction, exempt as they were from taxes or customs duties. They controlled production and decided what goods were to be manufactured and where and also how much pay, if any, should be given to the native workers. Many a Scot secured appointments with the East India Company as clerks, planters, traders or soldiers, perhaps inspired by those who returned from India laden with jewels, gold and vast amounts of money.

In August 1947 the British Raj came to an end and so did centuries of subjugation of the Indian people. Even today the effects of this long standing connection can be seen in both countries. Not only through the wealth that India generated for Scotland, but through the thousands of Indians and Pakistanis that now call this country home. During the Raj Indians were British subjects and had the freedom to come and go from Britain as they pleased. Life in Britain however, would not be as leisurely and profitable for them as it was in India for the Brits.

British families returning from India throughout the 19th and early 20th centuries often brought some of their numerous servants with them and these may have been some of the earliest Indians in Scotland. Around 1920 however, Indians began to come to Britain with the intention of working and possibly settling. Life was hard in India at the time, as the post-war recession had hit and industrial development was not exactly encouraged by the British as they made a lot of money exporting consumer goods to the Indian market. Therefore it was not in their interests to equip Indians to make these products for themselves. So Indians came to Britain to make money, mostly young men with families at home to whom they sent most of the money they earned. These men were generally poor and uneducated, but like the Jews before them, made work for themselves in Scotland as self-employed peddlers, as jobs for dark strangers were not forthcoming in those days. It was hard work as they had to travel great distances carrying heavy bags, but eventually they began to make a little money and more Indians arrived, encouraged by their friends or relatives already here. In 1930 there were around 150 Indians in Scotland, most of them in Glasgow. Their numbers continued to grow throughout the 1930's and a few opened wholesale warehouses to supply the peddlers with the goods they sold. One or two small grocery shops also appeared selling the spices and ingredients required for Indian food. Thus life began to get easier for the immigrants though they still lived frugally in very cramped conditions and sent most of their earnings home.

The start of the Second World War and the introduction of rationing meant that peddling was no longer an option for the Indians and since not many of them were

accepted by the army, they generally worked in the munitions and ordnance factories. The War meant that Indians worked alongside Scots for the first time and their contribution to the War effort helped raise their status in the eyes of the Scots. Soon after the War in 1947 two important events took place; firstly the partitioning of India into the newly created Muslim country of Pakistan and Hindu India, secondly both countries attained independence from British rule.

Many of the Indians in Scotland now suddenly found themselves Pakistanis and in India a mass migration began of Muslims to the new country of Pakistan and Hindus from Pakistan to India, some 15 million people in total. The years after 1947 were for them a chaotic time and of those who had connections with Scotland, some decided to join their friends or relatives there.

Throughout the 1950's the stream of migrants to Scotland from Pakistan and India increased sharply and for the first time whole families came together or those men already here began to send for their wives and children. This was a significant development as it meant the immigrant community was finally putting down roots in Scotland. Their children were educated here, some were born in Scotland and between 1950 and 1955 the number of Asians in Scotland increased again to about 1300.

The new wave of post war immigrants was slightly different as many were educated people from well off families. These newcomers were not as willing to work the long, tiring hours that peddling demanded. They began to take the jobs that were less popular with the Scots, for instance in the Transport service, where there was plenty of work for those willing to do it. The need for workers in this industry was so great that some Asians from England even moved to Scotland to fill the posts so that by 1960 there were nearly 3,000 Asians in Scotland.

The increasing numbers of immigrants to Britain from India, Pakistan and the Caribbean caused some unease for the 'native' population and the Conservative government decided to introduce the Commonwealth Immigrants Act to stem the flow. The bill was passed in 1962 and effectively removed the right of British subjects and Commonwealth citizens to enter Britain without restriction. Between 1961 and 1962 there was a rush to emigrate before the bill took effect, which boosted immigrant numbers again. It was now only the dependants of those already here and those with work permits who could come to Britain.

During the sixties many Asian immigrants went into business for themselves, either in small shops, restaurants or wholesale businesses. As usual they suffered a back-

lash from their Scottish competitors and some customers, and wrangles over price lowering and extended opening hours ensued. They rode it out however and these days the Asian-run corner shop is something of an institution in Scotland and the UK.

Not all the Asians in Scotland were of Pakistani and Indian origin. Some came during the Sixties from the newly independent East African countries of Kenya, Malawi and Uganda. They had been taken there from India to assist the British in their colonisation of these countries in the early 19th century. Due to this situation they were granted British passports and many either left or were forced out as they no longer had a role in East Africa. These immigrants again boosted the Asian population in Scotland, which stood at around 16,000 by the 1970's.

The story of the Chinese in Scotland has similarities to that of the Indians and Pakistanis. Britain made or perhaps forced, trade links with China in the 17th century and imported many sought-after Chinese goods such as robes, furniture and art. In 1842 Britain occupied Hong Kong and established a presence there for many years to come. Chinese sailors were often employed on British steamships as 'cheap labour' and were present in Scottish Port cities in the early 20th century. Chinese immigrants though, did not start appearing in Scotland until the late 1950's and mostly came from places like London and Liverpool, which had settled Chinese populations since the mid 19th century. The creation of the People's Republic of China in 1949 had prompted an influx of immigrants from Hong Kong so these areas became almost saturated and many decided it would be better to disperse around the country. A few came to Scotland and like many immigrants before them, opened restaurants. They settled and raised their families here and in 1970 the Chinese community was 2,000 strong.

From the mid-seventies onwards things began to change for the immigrant communities. Their children who had been born and raised here felt Scottish in a way their parents had not and thus were less tolerant of racism and prejudice where their parents would have probably suffered it, rather than raise their heads above the parapet. Considerable advances were made in race relations at this time and the Asian community began to make steps to establish itself as a permanent feature of Scotland. Mosques, temples and religious schools were established and some Asians made advances in local politics, becoming councillors or Justices of the Peace. Thus the community gained confidence and a sense of belonging that they hadn't experienced before.

In 1981 there were in Scotland around 25,000 people of Asian origin, 5,900 Chinese, 1500 Africans, 1000 West Indians and 4,000 others. By this time immigra-

tion control was tight and the numbers of new immigrants slowed. The communities however, grew organically and established themselves throughout Scotland slowly over the next two decades. By 2001 the number of Asians had doubled to 50,000 an increase which can be partially ascribed to the high birth rate in the community. The Chinese and African communities also increased to 16,000 and 5,000 respectively.

The first few years of the new millennium saw an increase in the numbers applying for asylum in the UK. This sparked something of a media furore with claims of "floods" of destitute people arriving in Britain, "pushing our resources to the limit". As ever the tabloid media did its job of sensationalising the situation and playing on people's existing fears and xenophobia. It is true that there were more asylum seekers here than before, but the claims that they came here for an easy life, to live off our benefits system had absolutely no grounds whatsoever and did immense harm to the public perception of asylum seekers. These were people who had been forced to leave their home countries for religious or political reasons and had often suffered extreme hardship just to get here. A couple of thousand arrived in Scotland in the first few years after 2000. Once here they were housed in extremely deprived areas and denied the right to work to support themselves and their families. This situation obviously caused tension between the asylum seekers and the local communities who felt hard done by that 'their' housing was being given to these strangers. The situation is slightly better today, but asylum seekers are still all too frequently subject to racist attacks and small minded attitudes.

The largest numbers of asylum seekers in Scotland are from Turkey, Iran and Iraq. Many of these are Kurds, an often persecuted ethnic minority in all three countries. Their presence is now noticeable in Glasgow which boasts Scotland's first Kurdish restaurant as well as one or two specialist shops. Other countries of origin include Afghanistan, Somalia, Sri Lanka, Pakistan, Zimbabwe, Congo, Algeria and Eastern Europe. These people have brought a new ethnic mix to the cities of Scotland where once the only non white faces were those of Asians and Chinese as well as the occasional African.

The last 100 years have been a remarkable time for Scotland and it has seen changes greater than at any other time in its history. There is much to be learned from the stories of Scotland's immigrants and their treatment by the indigenous population. The Irish suffered appalling economic, religious and racial prejudice despite their immeasurable contribution to Scotland's industry and economy. It may have been because they arrived in such huge numbers that the Scots felt

threatened. Other immigrant groups who were markedly more 'different' to the Scots fared better than the Irish. The Lithuanians integrated well despite speaking another language, but then their numbers were much smaller. The Lithuanians are an interesting case as their integration was so complete that little of their cultural heritage remains. This scenario is what many immigrant groups fear most; that successive generations will gradually adopt the culture and customs of the host country and lose their religious and cultural traditions. The fact that many Muslims in Scotland are in fact far more orthodox than those in countries like Pakistan is testament to this. It is vital however, that immigrant communities strike the right balance between participating in the life of the country they live in, and preserving their religious and cultural identity. Immigrants are always vulnerable to changing public attitudes and world events beyond their control. The experiences of the Scottish-Italians during the Second World War show how quickly things can change, even for an ostensibly 'integrated' community. The increase in racial attacks against British Muslims after the recent London bombings is another depressing reminder of this.

Over the last century Scotland has become a multicultural country, but as any non-white Scot will testify; racism is still rife, though somewhat less blatant. Today it is asylum seekers who suffer the brunt of our imagined fears and insecurities. Like the Jewish refugees who arrived here 100 years ago they are villainised by the media and made scapegoats for society's ills. It may seem as if we have learned nothing from the last 100 years, but look beyond the knee-jerk reactions and media scaremongering and it is plain for all to see that Scotland *is* changing. Scotland's cities are now home to immigrants from almost every country in the world and Scottish children experience greater diversity at young ages than their parents may have in their entire life. For the next generation the many colours and nationalities that now make up Scotland will not be a new development or something they will have to 'get used to', it will simply be normality. Scotland's population is falling and our own brightest hopes are leaving in droves for other parts. Given this it seems immensely short sighted to refuse entry to those who have escaped torture, imprisonment, persecution and violence to come here and who simply want a chance to contribute to this country and become Scots. After all, who are the 'Scots', but those who have been here the longest?

For Local Communities Responding to Community Planning: 'Partnership' in Perspective, 1987-2005

Chik Collins'

Introduction: Then and Now

Reflecting on almost two decades of 'partnership' initiatives for 'community regeneration' in Scotland, one cannot help but be struck by the similarities in the situation in the later 1980s and the situation at the moment – in 2005². In the later eighties Scotland's poorest communities faced a right wing Conservative government, with a deep ideological hostility to council housing, which was promoting stock transfer on the false basis that it would 'empower' local tenants; which wanted to extend privatisation in health and social services in the name of 'choice'; which was centralising power and forcing local authorities to implement a policy of 'partnership' about which they had serious reservations; which was talking about tackling poverty and rebuilding community at the same time as inequality was increasing and communities were disintegrating; and which was trying hard to sell the idea that more individualism and entrepreneurship, together with 'flexible labour markets' (meaning a ready supply of insecure and non-union labour on poverty wages) was what was needed to transform the experience of our poorest communities. In the present context all of the above remains applicable – only the government is no longer Conservative.

Similarly, in the late 1980s local community organisations were trying to work out

how best to respond to a new generation of 'partnerships' – the 'first generation', known as the New Life 'partnerships'. These came along promising to enlist the 'full participation' of local communities as 'partners' in a bold new effort to bring together all the relevant organisations and agencies to tackle the problems of poor housing estates once and for all. But at the same time local community organisations felt that these 'partnerships' embodied, indeed further developed, the kinds of Thatcherite policies which had damaged their communities through the 1980s. Community organisations wanted to 'make sense' of all of the talk about 'consultation' and 'participation' in 'partnerships'. They were inherently mistrustful, but not sure how to respond, and worried that they might not do what was best for their communities. They understood that the best way to try to learn was to share experiences with people from other areas facing similar problems. If they could do that then they would be better placed to respond, both within their own localities, but also by coming together to seek to address problems at a level beyond the immediate locality. People knew that the latter was also required – for they knew that the problems that they sought to tackle generally reflected decisions taken well beyond their own council areas (e.g. see Maguiness, 1991). Similarly, faced in the present context with the early stages of the implementation of the fourth, and perhaps final, generation of 'partnerships' – the Community Planning Partnerships – with their promises of "community engagement", community groups are again thinking about how to make sense of the situation and respond to it. Again, they know that they need to try to share experience with, and learn from, groups in similar situations.

But it is also important to be aware of some important differences between the situations then and now. Firstly, it is important to recognise that the right-wing agenda of government in Scotland today has proceeded to a level of intensity of which the Thatcherite 'bogey men' of the earlier period – like Michael Forsyth in Scotland or Nicholas Ridley at UK level – could only have dreamed. The latter sought to reduce the scale of council housing provision, while today's policy of stock transfer seeks its virtual elimination. Similarly, the current agendas for merging the delivery of health and social services and increasing privatisation in each in the name of "choice", and for greater penetration by private interests in the area of education, seek to give practical effect to precisely the kind of thinking which earned these individuals their reputation, though they themselves had much more limited impact in putting it into practice. So in the intervening period the right-wing agenda has progressed quite significantly – and a lot of damage has been done.

Secondly, it is important to realise that over the years the nature and extent of local community organisation has also changed. In the mid-late 1980s community organisations defined themselves overwhelmingly in opposition to the right-wing Conservative agenda. They often included in their ranks people who had been made unemployed in the earlier 1980s, but who brought with them invaluable experience in trade unions. However, through the years such people have progressively died off, or become inactive, and groups have generally found it difficult to replace them. At the same time there has been a concerted attempt to get groups to redefine their basic identity. Where previously they were opponents of the right-wing agenda and its impact on communities they have, since the later 1980s, been very strongly encouraged to redefine themselves as 'partners' who work in harmony with all of those who are committed to the ongoing implementation of that same agenda.

The Contradiction of 'Community Involvement'

Of course, when it is laid out in these terms the basic idea seems contradictory – *for it means trying to get communities to embrace policies and practices that are against their own interests*. Yet this is precisely what has been happening for the best part of two decades with 'partnerships' for 'community regeneration'. This too has had a really significant impact on the nature and extent of community organisation. In practice it has caused havoc, and has, in combination with other factors at work in poor communities, left organisations generally less independent, smaller, weaker and often rather demoralised. In some ways it seems surprising that there is anything left – and it is a testament to so many community activists that they keep fighting.

A crucial factor in managing this contradiction in practice has been that community groups in 'partnership' projects have generally been discouraged from doing the thing that, both in the late eighties and today, they instinctively knew they had to do – *independently meet with and learn from each other*. While they have generally been sceptical about the reality of 'partnerships', and about being 'partners', nonetheless community groups have often been drawn into expending a very high proportion of their time and energy in dealing with them. Thus, while 'partnerships' have not come remotely close to achieving solutions to the problems of our poorest communities, they have proved much more successful in containing and managing local community groups – often in ways that have damaged their capacity to function at all. This has left other 'partners' to call the shots in the locality, and not infrequently to make a real mess of things. It has also meant that the voice of

community groups more generally has had at best, a minimal impact on the ongoing development of policy through the various 'generations' of 'partnerships'. Publicly, such 'partnerships' are still too often seen as 'good works' – almost as benign action to help the poor that every reasonable person should support. In reality, they have been a vehicle for the "rolling out" of a very damaging set of policies, and now the Scottish Executive wants to make them much more effective in doing this. Moreover, it is important to recognise that these policies have implications far wider than the poorest communities – their adverse effects will be felt in one way or another by the majority of Scotland's communities. This is the reality that currently faces community groups. How are they to respond?

What seems clear is that if the past experience of community groups in dealing with 'partnerships' is not to be repeated in the very important period we are entering, these groups must make it their first priority to build and sustain themselves as *independent* organisations whose primary accountability is to the communities they seek to serve – rather than to any other 'partners'. They must try to resist the inevitable attempts to buy off and co-opt both individuals and groups through the offer of jobs and/or resources 'with strings attached'. Where individuals or organisations are so co-opted, then the community will have to try to reassert independent forms of organisation and representation. Groups must also be prepared to respond to the attempts that will be made simply to bypass them and create the appearance of a "meaningful engagement" with a "community voice" which 'partnerships' will seek to orchestrate for their own purposes, and to defend themselves from the attempts that will be made to discipline and punish individuals and organisations that prove 'troublesome'. And, of course, they must defend and exercise their right, as independent organisations, to meet with, and learn from, groups from other localities, and to develop common agendas for action. What makes awareness of this all the more pressing is that with the move to Community Planning the effort to *reduce* community independence is becoming much more focused and systematic. We shall return to this point later in the paper.

All of this will be required if community responses are to be sufficient to get beyond the façade of 'partnership', and the great frustration which it has routinely generated, and focus on the substantive content of the policies which have been behind it for almost two decades – policies which have in fact been bringing about the very *degeneration* of communities that 'partnerships' are supposed to be trying to reverse. As an example take housing policy. This alone has had a dreadful impact. It has worked, in effect, to drive wage earners out of the council sector, and has left concentrations of the very poorest in the remaining, often very bad quality, council

stock. Had it been the *aim* of policy to create 'ghettos', then it would have hardly been possible to devise anything more effective. Yet the continuing stock transfer agenda, offers little, if anything, to address the challenge of rebuilding more *balanced* communities. The latter requires a major reduction in rent levels in social housing – which would in fact have a very low initial net cost (given the savings it would immediately produce in Housing Benefit). It also requires that local authorities have restored to them the right to borrow through the Public Works Loan Board to undertake rebuilding programmes – to overcome the shortage of affordable rented housing.³ Such changes would both end the poverty trap for workless households and also make it feasible for those in employment to *choose* to live in social housing. Along this path one can see how the "strong", "sustainable" and maybe even "vibrant" communities, that policy documents talk about, might be created. But that path is radically at odds with the whole stock transfer agenda – where private finance requires that subsidy goes to the rents of individual tenants rather than into the building of more balanced communities. It is the need to challenge these kinds of policies, which 'partnerships' will be seeking to progress, which requires that community groups retain their independence along the lines outlined above.

The housing example helps to bring out a further point. Community organisations must also seek to link up with trade unions representing workers who are also affected by the current policy agenda – for instance with the housing workers who find their situation affected by stock transfer, and with the workers in health and social services who are affected by moves to privatisation and 'modernisation'. The recent experience (mid-August 2005) from Aberdeen, where the Council sought to cut the wages of some 2,000 workers in the name of promoting equality, offers some perspective on the implications of 'modernisation' in local government. The Council have since backed down, but this is unlikely to be the end of the story – in Aberdeen or elsewhere. If local communities and trade unionists can link their opposition to the current policy agenda, then the prospects for successes are much greater.

For Local Communities Responding to Community Planning

Some of the longer-serving community activists will endorse such conclusions, because they will chime with their experience over the years. There are others, however, for whom the conclusions might seem too hasty – too quick in writing off the potential for 'partnerships' to 'work' for their own communities. Here it is important to remember that over the years of the various 'partnership' schemes some of the older and more experienced community activists have died off, or

ceased being active. New, less experienced, people have sometimes taken their place. This is of course very welcome. Community groups need new blood now more than ever. But these newer people will often not know about, and cannot really be expected to know about, the real history of 'partnerships'. At the same time, the move to Community Planning broadens the application of 'partnership working' to areas and groups that have never been subject to it before. How do we ensure that their experience in the coming period does not mirror the negative experiences of community groups in dealing with 'partnerships' to date?

With this in mind this paper seeks to provide community groups responding to the Community Planning agenda with a *perspective* on the policy and practice of 'partnership' since the late 1980s.⁴ The aim is to try to help those who have experience of 'partnerships' over an extended period to reflect critically on that experience at this important stage, and to provide others, who currently lack that experience, with at least some of the background knowledge and understanding which is required to orientate themselves in the current situation – so that past experience is not repeated in the coming period.

The Red Paper and The Blue Paper

"From community action groups – tenants associations, organisations of the unemployed, the old, the homeless, and the sick, movements to fight oil-related developments, anti-social planning decisions and so on – to the activities of specialised pressure groups and professional social workers, teachers and health workers themselves, the demand is increasingly that society be organised in a manner to cater for people's needs, that community goals be set to meet people's requirements as they express them. If the prospects for the least fortunate are to be as great as they can be, then they must have the final say – and that requires a massive and irreversible shift of power to working people This potential for community action in harnessing local planning to community initiatives is emphasised by Ronald Young in his study of the inadequacies of local government" (Brown, 1975, p.10).

The above words are from Gordon Brown's introduction to *The Red Paper on Scotland*. They reflect the hopes and aspirations of the mid-1970s – and in particular the hopes for what was called the 'community action' movement. This was a diverse movement of groups generally challenging the limitations of the post-war welfare state, and seeking to transfer meaningful power away from politicians and

bureaucrats and into the hands of local communities themselves. The hope on the left was that the activities of these groups could begin not only to make local government planning deliver much more just outcomes for the poorest communities, but also to create the kind of broader movement which could challenge decisions and policies at a national level. Across urban Scotland, but perhaps particularly in the Strathclyde Region, it was proposed that the poorest communities needed to be given assistance and support in developing the kind of assertive local organisations which could give effective representation to their needs, and that such groups should seek actively to learn from each other and ultimately to constitute a national movement. This was the 'radical community development' agenda.

This agenda typically met with resistance from a significant proportion of councillors and officers – who did not like being lobbied and criticised by groups representing poor communities. But over the next decade or so there remained some significant 'space' where such work was encouraged – or at least tolerated. What steadily reduced that 'space' was the change of context brought about by the election of the Thatcher governments of 1979 and 1983. These governments deliberately increased unemployment and reduced benefits – so increasing poverty. Housing policy – both the 'right to buy' and changes to housing finance – worked to concentrate poverty more than ever in the least desirable, and rapidly deteriorating, council stock. Attacks on local government steadily reduced its capacity to take action to offset the effects of all of this, and seemed also to reduce the willingness of politicians and officers to put up with assertive community organisations demanding that they should. These politicians and officers began more strenuously to question the whole idea of 'radical community development', suggesting that perhaps a different model should be adopted. This would be one where communities worked *with* local authorities rather than entering into conflict with them. The common enemy, it was argued, was the Tory government. When the Tories also won the 1987 General Election this view became stronger still.

It was in this context that the first generation of 'partnerships' came into being. They were announced in what some official sources at the time referred to as a "Blue Paper"⁵. Today we can see the apparent significance of this choice of term. For in its own way that paper, entitled *New Life for Urban Scotland* (Scottish Office, 1988), was signalling a new and broader agenda for the development of Scottish society that was in its own Conservative terms as radical as that which had been heralded by the earlier *Red Paper*.

Partnership: The First Generation

The new way of thinking about community development that was emerging in local authorities during the 1980s was something that was seized upon by the Conservatives after the 1987 election. For they faced a real problem in relating to communities in Scotland – the great majority of which had consistently voted to reject their policies. This was even more important given that the Conservatives wanted to implement some radical changes in Scotland. The idea was to “roll back the state”, to move towards the reduction – and perhaps eventual elimination – of council housing, to reassert the importance and ‘leading role of the private sector’ and ‘enterprise’ in urban development and service provision, to cast local authorities in the role of “enablers” of private initiatives, and to gear the poorest communities in particular into a low wage and ‘flexible’ labour market. In this way, what the Tories called Scotland’s ‘dependency culture’, which was so hostile to ‘Thatcherism’, would be replaced with an ‘enterprise culture’ that would be much more sympathetic. Significantly, this was a period of organisational change – with the creation of Scottish Homes and of Scottish Enterprise to progress this new agenda.

The first generation of ‘partnerships’ announced in *New Life for Urban Scotland* were designed to act as a ‘pathbreaker’ for all of this. The idea was that the Scottish Office themselves would set up shop in a few peripheral estates around Scotland and pull together all the bodies that had a contribution to make in an intensive, collaborative effort to give effect to this new agenda. Such estates were seen as among the ‘worst examples’ of ‘dependency’, and so action within them would have a special symbolic significance. If the new Conservative agenda could be made to work in these areas, it would be argued, then it could tackle Scotland’s problems of ‘dependency’ more generally. Four areas were selected: Wester Hailes (Edinburgh); Whitfield (Dundee); Castlemilk (Glasgow), and Ferguslie Park (Paisley).

But a certain problem remained – how to justify the imposition of such policies on a nation, and specific communities, which had continually voted against Mrs Thatcher’s Conservatives. And it was here that the new kind of thinking about community development that had been emerging in the local authorities was relevant. If local community organisations could themselves be persuaded to give legitimacy to these ‘partnerships’ by welcoming them, and being seen to participate directly in them, then who could argue with that? And so it was that in the later 1980s local community groups, who typically saw themselves as victims of Conservative policies, met with approaches from the Conservative government

asking them to be 'partners' in a bold new effort to tackle the problems of their communities once and for all.

This is where the current idea of 'partnership' was born, and with it the idea of community organisations themselves as 'partners'. The latter was necessary to provide some kind of democratic credentials for the crucially important *New Life* programme in a situation where the legitimacy of the Conservative's wider policy agenda for Scotland was routinely challenged. However, the precise terms of this 'participation' would be important. As *New Life* put it, only "suitable initiatives in the field of community development" (Scottish Office, 1988, p.11) would be compatible with 'partnership working'.

Over the next few years it was to become apparent what all this was to mean in practice. Behind the rhetoric of 'participation' and the community as the "central force in the regeneration process" lay a very different reality – the imposition of the government's own agenda for these areas with minimal regard for what other 'partners', particularly 'the local community', might think or want. Central government provided the leading personnel to ensure that this happened. Where the local community were prepared, for whatever reason, to accept this, then the 'partnerships' were more than happy to wheel them out in public every now and then and say what a fantastic bunch they were, and what a great contribution they were making. But where the local community activists disagreed, especially if they disagreed publicly, and where they had ideas of their own as to what was needed in their locality and sought to have these taken into account, then the story was very different. They would be criticized, undermined, threatened in sometimes subtle (and sometimes not so subtle) ways. If they found the energy to persevere, then they might very well find themselves 'carved out' – either as individuals or as a group. Other, less 'difficult' individuals might be found to take their places, and if need be whole organisations could be 'eliminated'.

Symptomatically, even in Wester Hailes, where money was pumped into developing the Wester Hailes Representative Council into what some saw as a 'model' of community participation in a major 'partnership' project, this proved to be the ultimate experience. The WHRC was often criticized for being too 'domesticated' and too dependent on its 'partners' for its funding, but even this turned out not to be a "suitable" model for community development in future 'partnership' arrangements for the area. The stories from the other 'partnership' areas are generally unpleasant, and at times rather brutal. Indeed, in its own way, *New Life* was as brutal in its implementation in poor communities as was the poll tax – which was of

course also being imposed on Scotland at this time (e.g. see Collins, 1999, 2000).

One important element in this implementation was the prevention of 'unsupervised' meetings involving community activists from across the four 'partnership' areas. It was feared that these would give rise to the development of a united community front, projecting criticism and demands in the kind of way that would be picked up by national media. So steps were taken to focus the attention and energy of community activists inward, on their own locality, and to portray activists in the other 'partnership' areas as rivals and competitors for resources – looking to steal other people's ideas and the funding that might go with them, and perhaps looking to take over community X's status as 'the best community partners in the best partnership'. Activists from areas without 'partnership' status might be portrayed as motivated by jealousy – because they hadn't been 'invited to the party'. All these other people had to be ignored – and certainly not trusted. It was time for people from community X to be a little selfish for once, and 'look to their own', and so on. Whatever the variation on the theme might be, the intent was the same – to prevent the kind of independent meetings between community groups that might have led to the development of a common understanding of shared problems, and to some common agenda for seeking to address them. This was decidedly *not* a "suitable initiative in the field of community development", for it would have raised unhelpful problems of legitimacy, not just for the 'partnership' programme, but also for the government's much wider agenda for Scotland.

What the "suitable initiatives in the field of community development" mentioned in the "Blue Paper" managed to do then was to 'keep the lid' on community opposition – manage it, in some cases almost eliminate it altogether, and prevent it joining up across areas so that communities could learn from each other. In none of the four areas were groups able to sustain the kind of independence that was really needed – and increasingly community representation became accountable, not to communities, but to the 'partnerships' themselves. Often the result was to demoralise the local communities, and increase feelings of apathy – "what's the point", "wasting your time", "as well banging your head off a brick wall". The evidence of this was clear enough in the final evaluations of the *New Life* programme. All those "suitable initiatives in the field of community development" actually led to a marked *drop* across the four areas in the proportion of residents who participated in any kind of community groups (Cambridge Policy Consultants, 1999, pp121-122).

Yet, if the *processes* of the 'partnerships' were very different from what community organisations were led to believe they would be, then what of the actual *outcomes*.

Who cares, some might say, about the experience of community participation if the outcomes were good? Apart from the obvious point that treating local people badly is never okay, the fact is that the *New Life* 'partnerships' did not *at all* deliver what it was claimed they would – or anything like it (Collins, 2001). This is in spite of the fact that the four areas received levels of funding which were way beyond anything that has been allocated to 'partnership' projects in later generations – £485million for just the four areas involved across the life of the programme (at 1999 prices), some £301 million of that *additional* to what would have been spent anywayvi.

Partnership: the Second and Third Generations

Where the *New Life* programme did score a notable success was in establishing the basic model of 'partnership' as 'the only game in town' when it came to 'community regeneration'. In order to get resources it was increasingly required that proposals should conform to this model, and embrace with it the government's wider policy agenda. This became even more the case after 1992 – when the Conservatives won a further General Election victory under John Major. Research was held to have found that the *New Life* programme was working, and that the model needed to be generalised to other areas so that they could benefit from it too (Gaster et al, 1995; O'Toole et al, 1995; McGregor et al, 1995; Kintrea et al, 1995). The result was the creation in the mid-1990s of a new generation of 'partnerships' under the Programme for Partnership – the "Priority Partnership Areas" (PPAs) and "Regeneration Programmes". This programme was linked to the reorganisation of local government which happened at the same time – abolishing the regional councils. This was to mean smaller, and much less powerful, local authorities having to compete against each other to demonstrate just how pro-'partnership' they had become. As part of this they would have to say that they had a willing band of community activists who were eager to work "suitably" within the framework of these new 'partnerships' to deliver regeneration in their areas. Central government would judge the 'winners', whose reward would be a share of the resources available to the programme. But this funding was meagre compared to that provided to the four *New Life* 'partnerships'. A number of areas, including Glasgow with far and away the worst problems of poverty, actually managed to *lose* resources under the programme, while much less needy areas like Ayr, Aberdeen and Stirling, which were electorally important for the Conservatives, did rather well (Turok and Hopkins, 1998).

By the later 1990s then, it was apparent that the Conservatives' 'partnership'

programme was tainted by failure, abuse of local communities, and political corruption in the allocation of resources. One might have thought that an incoming Labour government would have wanted to do things very differently. Yet, as we have also seen, 'partnership' had become 'the only game in town', and increasingly it became apparent that this 'prevailing wisdom' was highly resilient to criticism, and generally not open to question in the 'policy community'. The result was that New Labour in Scotland actively embraced the 'partnership' programme bequeathed by the Conservatives and sought to develop it further under the banner of "social inclusion" (Cambridge Policy Consultants, 1999; Scottish Office, 1999). Thus, from 1999 a further generation of 'partnerships' was created – the Social Inclusion Partnerships (SIPs). The essential continuity between these New Labour 'partnerships' and those of the Conservatives is shown by the fact that the PPAs were expected to evolve into SIPs without any upheaval.

So how did these later initiatives fare? Well, in light of what we know about the outcomes of the *New Life* programme, and about the relative level of funding for these later initiatives, one could have predicted disappointment. Some people did predict this (Foster, 1999), but more generally at the outset hopes were high for a real breakthrough. The sceptics were right. The difference with these generations of 'partnerships' is that subsequent government-commissioned research itself concluded – bluntly – that they failed (Cambridge Economic Associates, 2003). These generations of 'partnerships', the researchers report, too often did not really have a clear idea of what they were about, and even where they did, they tended not to have a very clear idea of how to be about it. They did not actually show very much 'partnership working' between organisations and agencies – especially beyond the public sector. They failed to bring in the private sector to play the major role that was envisaged. They generally failed to get other organisations to skew their resources sufficiently towards the proven areas of greatest need – to "bend the spend" – and often they failed seriously to try. Monitoring and evaluation practices were seriously deficient. Even lowering the original level of expectations, the final results were "disappointing" – in other words they were ultimately very disappointing.

And of course there remains the problem of community participation. It is acknowledged these partnerships were unable successfully to gear community organisations into 'partnership working'. The fact is that where community organisations actually tried to participate as 'partners' their treatment too often led to great frustration and resentment. The very sad irony is that even under Labour, 'partnership' policies which were supposedly based on the need to nurture and

develop local community organisation and leadership often led to the opposite – to it being undermined and at times wilfully destroyed.

But this is no coincidental irony. It has arisen out of the basic contradiction of the successive generations of 'partnerships' – that of trying to get communities to participate in the implementation of policies that are against their own interests. For, at root, 'partnerships' are not simply formal exercises in 'joined-up working' to try to solve the problems of poor communities. Substantively, they are inextricably bound up with the development and implementation of the same kinds of policies which have helped to *cause* the problems in the first place. The fact is that poor communities, where they can still muster a voice from out of the demoralisation, can see this, and so tend not to be in favour of such policies. They are often at the very root of what has made their situation worse over the past 25 years. The Labour Party once knew this, but there is currently very little evidence of them trying to remember it. Indeed, the most recent policy statements refuse even to *think* about what the causes of the problems they seek to address might be (Scottish Executive, 2002).

Partnership Today: The Fourth Generation

'Partnerships' are now seen to have produced very "disappointing" results. And after three generations of such 'partnerships' the much vaunted 'community participation' remains deeply problematic – if not a running sore. More generally, problems in areas of poverty continue to intensify. All of this might lead a rational person to think that there are some basic problems with the policies that have been pursued in recent decades. Perhaps we need to think again about the basic problems of our poorest communities and how to address them?

However, as we have seen, this is not the conclusion that has been reached by the Scottish Executive. Instead it has been gearing up to further progress the familiar policy agenda inherited from the Conservatives. Indeed, it has, like the Conservatives in the late 1980s, created a new agency which is to play a pivotal role in driving this agenda in the coming period – called Communities Scotland⁷.

Specifically in relation to 'community regeneration', it has been concluded that the problems with past 'partnerships' have stemmed, not from the basic model of 'partnership' that has been pursued and the damaging policies linked to it, but from the way that 'partnership' has been *implemented*. So, local authorities have now been given, in the Local Government in Scotland Act 2003, a statutory responsibility to

lead the implementation of new 'fourth generation partnerships' – Community Planning Partnerships (CPPs). These, we are told, will finally deliver on the promise of the 'partnership' model. Along with other public bodies, who will also be legally obliged to participate in the process, they are supposed to ensure that mainstream budgets are finally 'bent' towards the poorest communities, and that the 'gap' between these communities and the rest of Scottish society gets 'closed' (Scottish Executive, 2002). As in the past, it is said that local communities must be involved in this process if it is to 'deliver'. CPPs have to submit their detailed plans and proposed outcomes – Regeneration Outcome Agreements – to the government for scrutiny and approval, and on this basis they can hope to receive some share of the £318 million allocated to the Community Regeneration Fund for Scotland as a whole over three years⁸. They will then, it is proposed, be subjected to rigorous monitoring and evaluation to ensure that approved outcomes are in fact delivered – and if they are not delivered, to ensure that there is appropriate 'accountability'.

In all of this it is very clear that the local authorities are to be leaders in community planning only in the sense of leading their *implementation* – and perhaps more precisely in the sense of 'carrying the can'. The substantive policy content will be decisively driven from the centre, and will remain along very familiar lines⁹. The basic contradiction of previous generations of 'partnerships' will persist. Thus, CPPs will face very similar difficulties to those which previous generations of 'partnerships' have faced in implementing a centrally-driven agenda, and getting 'results', while managing communities who are supposed to be 'partners', but who will tend to challenge and question 'partnerships' in ways that will be seen as 'obstructive' and 'unhelpful'.

Quite how local authorities are meant to square this circle in practice is difficult to imagine. The latest thinking is to be found behind the new talk of "community engagement" (rather than "community participation") and the creation of the "Community Voices Network". The thinking is to try, quite systematically, to bypass established community organisations and activists, and to fabricate the kind of 'community' that 'partnerships' would prefer to work with. This is to be done in the name of getting beyond those obtrusive activists who are supposedly always out there making themselves heard, but not *really* representing their communities at all. The idea is that the CPPs and Communities Scotland can 'empower' communities as against these activists, and allow the 'true' voice of the ordinary community to be heard. Instead of activists 'participating', CPPs shall seek 'meaningful engagement' with communities.

This is an already familiar tactic, though it is here being developed much more systematically than in the past. But it is difficult to see it changing the basic dynamic at work. Such an approach is much more likely to aggravate existing problems – both within communities themselves, and in the relationship between communities and local authorities. It was used, for instance, in Ferguslie Park during the *New Life* programme, and backfired with some truly appalling consequences for all concerned (Collins, 2000). The government's own research pointed out in 1999 that the ensuing "breakdown in relations between the community and the local authority" was "threatening the future of the estate" (Cambridge Policy Consultants, 1999, p.181). CPPs need to be very wary indeed of the 'unintended consequences' of their interventions in what are known to be very troubled communities.

Yet, on further examination, one could be forgiven for getting the impression that were the CPP implementation to *aggravate* the existing problems in the relationships between local authorities and the communities they serve, then some at the centre would be quite happy to exploit the situation. The current author felt this impression reinforced at a Communities Scotland event on Community Planning in January 2005. Here the key speaker, Professor Michael Carley of Heriot Watt University, referred to Scottish local authorities (with the notable exception of Aberdeen!) as overwhelmingly "Stalinist", and as constituting an obstacle to the "modernisation" of local government needed to achieve community regeneration¹⁰. There was no attempt on the part of Communities Scotland's own staff to distance themselves from such remarks. Local community organisations were then encouraged to voice their criticisms of local authorities – as if the Executive and Communities Scotland were the allies of local communities against their local authorities. For the local authorities themselves such signs seem rather ominous – for they suggest that with Community Planning generally they might be being set up to fail, and of course held accountable for that, as a preface to the "modernisation" that the Executive clearly wants to see.

Here it is important to recognise that such a scenario is not likely to be one that will benefit local communities – for it will see only a further centralisation of power, and even less scope for community organisations to influence what happens in their own localities. Indeed it is not at all unimaginable that in the future local authorities will be 'named and shamed' for failing to 'close the gap' at the same time as government moves to abandon the whole idea of closing it in the first place. There are already voices raised against all this expenditure on "community regeneration" that seems to achieve so little, and which, some argue, might be better spent elsewhere.

This scenario poses a real challenge for community organisations. On the one hand, they must defend their autonomy, resist being co-opted into 'partnership' structures which will be led by the local authorities, and instead articulate the real needs of the communities that they represent. On the other hand, they need to resist the temptation to direct all of the anger and frustration they feel about 'partnerships' simply at the local authorities. For ultimately Community Planning is the creature of the Scottish Executive, as is the substantive policy content to which it will seek to give effect. Its implementation, already reducing local democracy, looks likely to damage both local communities and local government further. Paradoxically, it looks like it is falling to local community organisations to *defend* local government – not this or that councillor, or this or that authority, but the whole idea of a layer of government at local level which takes meaningful decisions about what happens in localities on the basis of a local democratic process, rather than being simply told what they have to do by central government, and then held accountable if they disappoint them. There are not enough voices in local government itself which seem committed to this idea.

Conclusion

This difficult challenge cannot be met by community organisations all seeking to deal simply with the situations they face in their own localities. These situations will frequently be very demanding, and it might be tempting to conclude that the priority is to focus exclusively on the locality and to fight the necessary battles there. Yet the actual experience of the previous generations of 'partnerships' indicates that however understandable such a reaction might initially seem, something quite different is required. For the only way that community organisations can seriously begin to make an impact on their local 'partnerships' is by coming together, sharing experience, learning from each other, and by seeking to address common problems through a shared agenda which is projected beyond the locality, and ultimately at national level. This will have to be an agenda that looks beyond the façade of 'partnership', and the frustration and anger it generates, and addresses the substantive policies that have impacted so negatively on poor communities in recent decades – policies which the current government continues to pursue. That these policies also have serious implications for those who work in the various organisations that deliver services to local communities means that the potential is there to link opposition in communities to that in trade unions, and to begin to create the kind of *concerted* opposition that can really, for the first time, publicly challenge that façade of 'partnership' and raise the necessary questions about what is really being done to communities across Scotland. For what is now absolutely

clear is that unless and until we confront those national policies that have fostered so much *degeneration* in our society, no amount of 'partnership working' or 'joined-up government' is going to produce those 'strong', 'sustainable' or 'vibrant' communities which the policy makers envisage. The evidence over almost two decades points towards the opposite conclusion.

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2 Some of the material presented here was developed in preparing contributions for two public events: a seminar hosted by the Scottish Urban Regeneration Forum on "Leadership in Community Regeneration" in February 2004 (Scottish Urban Regeneration Forum, 2004), and a conference held by Govan Community Council on "Poverty, Deprivation and Development in Working Class Communities" in November 2004 (Govan Community Council, 2004). Thanks to SURF and GCC for the opportunity to contribute to these events, and to all who attended and participated in the discussions. Thanks to the editors of this volume for the opportunity to contribute to this paper, and John Foster for very helpful comments and suggestions on a draft.

3 The Scottish Executive claims to have adopted the most far-reaching homelessness legislation in Europe, but in the context of the shortage of affordable rented housing, its implementation means that typically around a third or more of all allocations in the social rented sector goes to homeless households, which unfortunately works to compound the tendency towards imbalanced communities in the sector.

4 A proper *history* of the community experience of the various generations of 'partnership' very much needs to be (independently) researched and written, and would be a great resource for community groups.

5 It was said to be neither a White Paper nor a Green Paper – the official terms to describe papers on government proposals at different stages of development – but a hybrid "Blue Paper" (see Boyle, 1989, esp. p.129).

6 To put this in perspective, in December 2004 £318 million was allocated over a three-year period to the "Community Regeneration Fund" for deprived areas across the whole of Scotland.

7 Communities Scotland, established at the end of 2001, absorbed Scottish Homes and the Area Regeneration Division of the Scottish Executive.

8 At this point (early September 2005), ministers have approved the "Regeneration Outcome Agreements" for Angus, Dumfries and Galloway, Dundee, East Ayrshire, Falkirk, North Ayrshire, North Lanarkshire, Perth and Kinross, Renfrewshire and South Lanarkshire.

9 If any further demonstration were required, Key Scottish Executive economic strategy documents like Smart Successful Scotland and the Framework for Economic Development make it clear that housing and planning policies will continue along current lines, and indeed that they will be intensified – more housing stock transfers to access private capital, a further loosening of democratic controls on planning. There will also be the continuing emphases on flexible labour markets and entrepreneurship which have in the past failed to deliver for 'regeneration' areas. The Royal Bank's 2004 report on *Wealth Creation in Scotland* urges continuing privatisation – with health and education seen as the key areas of potential (see contribution by Baird, Foster and Leonard to this volume).

10 Professor Carley has been strongly associated with the development of the Community Planning agenda, which he sees as closely linked to local government "modernisation", and produced a research review that was commissioned by Communities Scotland "in order to support the development of the Scottish Executive's community regeneration statement, now published as: *Better Communities in Scotland: Closing the Gap*" (Carley, 2002, p.v)

