

# Radical Options for Scotland & Europe



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## Johnson's bid to buy control

# MONEY FOR THE MONOPOLIES

An investigation by a major accountancy firm into government infrastructure contracts, published in the Financial Times on 29 November, has revealed the scale of direct government spending on infrastructure is upwards of £100 billion a year.

This expenditure does not include MoD spending with the big armaments contractors, BAE, Rolls Royce and Babcock of around £15 billion. Nor does it include planned lending over the coming four years by Johnson's new Infrastructure Bank – revealed earlier in November as £12 billion – with an additional £10 billion in guaranteed credits.

This scale of government intervention in the economy, ultimately geared to increasing corporate productivity, is unprecedented in peacetime and has to be set against the entire sum of investment by companies themselves in 2019, the last year before Covid. At £200 billion, this was equivalent to 17 percent of GDP, one of the lowest levels of capital investment in any of the advanced economies.

This new government cash is for spending across ALL the nations and regions of the UK and the remit for the Infrastructure Bank makes clear its wider political objectives. It is explicitly for strengthening business, strengthening their links with 'communities' *and* strengthening the Union. It is using government cash to bind communities to big business and to do in financial dependence on Johnson's government.

The Infrastructure Bank, run by the previous chief executive of HSBC, will lend money to local authorities at 2 per cent below the rate charged by the Local Government Loans Board. It will do so on conditions which involve, to quote, the 'crowding in' of additional private sector funding. For Scotland the £20 billion funding (proportionately £2 billion for Scotland) is to be set against the £450m annual ceiling for ALL borrowing by Holyrood.

Over the coming three years when the Westminster government's block grant to Holyrood will increase in real terms at maximum by 2 percent a year (SPICE 28 October), it is clear that Johnson will be using this massive infrastructure spend to bind local councils in Scotland, as



## EU AND US REFUSE TO RELAX COVID PATENT RIGHTS

On 25 November the Director General of the World Trade Organisation Ngozi Okonjo-Iweala announced deadlock in the protracted WTO talks to secure a relaxation of patent rights for Covid vaccines.

The EU and the US had both lodged objections – with the EU Commission continuing to maintain its opposition to any relaxation originally taken in June.

The same day as the Director General announced the suspension of talks South Africa announced the identification of a new and potentially more dangerous Covid variant, Omicron.

Southern Africa has been one of the areas of the world where vaccination has been at its lowest – enabling Covid to spread and variants to multiply. South Africa along with India had been

# We say

The call by Scottish local authorities, through COSLA, for an additional £1 billion for the coming year – a 5.5 percent increase – would seem a minimal request in face of inflation as measured by the Consumer Price Index of 4.2 percent and by the Retail Price Index, which includes housing costs, of over 5 percent.

5.5 per cent may therefore just maintain existing services. It will do nothing to overcome the massive cuts of the past decade or the manifest crises in cleansing, environmental services or social care.

It will definitely not provide the funding needed to take bus transport back into public ownership or prevent a recurrence of the biggest scandal under Covid, the treatment of older citizens in privately run care homes even if the Social Care is placed under Scottish government supervision.

## Don't embarrass the government

The one billion bid no doubt reflects the wish of a majority of COSLA members not to embarrass the SNP-Green administration faced with a financial settlement from Westminster, as announced in Sunak's October budget, of a three year funding package with an annual average increase of 2.4 percent (before inflation).

Even though this funding package is front-loaded for 2022-23, with very little for subsequent years, it is likely to represent a significant real cut.

Against this it is necessary to set the massive spending by Johnson's government on projects in Scotland, as elsewhere in the regions and nations, that will either be channelled through big business contractors themselves or to local authorities via the new Infrastructure Bank on condition that they invest in partnership with business.

## Locked into contracts with big business

Local government, potentially a base for the exercise of democratic power jointly with local communities, will be locked into contracts with big business.

There will also more of the massively funded 'big deals' with the likes of BP, Shell, Ford, to develop hydrogen power, electric cars, electric batteries and carbon storage - some of which are likely to be sited in Scotland.

This is the challenge posed by Johnson to our democracy. As Mick Lynch put it at our November conference, Johnson is reinstating the EU's big business rules in British law and creating a directly 'anti-democratic state'

## The democratic challenge

Under this scheme there will be no funding to take bus services into public ownership. Or social care. Or rails. And the insidious penetration of private contractors into health and education will continue. As it will across all Britain's regions and nations.

**How far can this wider understanding be won across our communities and trade union movement, the remaining base for any democratic challenge – and do so as part of a broader movement across all the nations and regions capable of exposing and defeating Johnson and his government ?**

**This is the challenge.**

# ROSE's Annual General Meeting and Conference

Saturday 12 November 2021



**Mick Lynch**  
**General Secretary**  
**RMT**

**Speaking on behalf of the RMT Mick Lynch welcomed the theme of the conference: 'Opposing Johnson's anti-democratic state'.**

'This is top priority for the RMT. Far from taking advantages of leaving the EU to advance our democratic rights, Johnson is doing the reverse - reinstating its pro-big business rules in British law and policy.

A prime example would be the EU's Fourth Railway Package to fully privatise the EU's railways. What has Johnson done ? In its place he has set up 'GB Rail' as a franchising outfit centralising control across the whole of England, Wales and Scotland to give out franchises to big monopolies. These then subcontract to separate firms that in turn cut jobs, conditions, wages and pension rights. Johnson is doing exactly the same to the NHS in England.

Along with other unions, including GMB and Unite, the RMT plans to lead a fight-back against Johnson. Now we are outside the EU we can make the case for real democracy.

We will oppose the current wage freeze, halt all compulsory redundancies and defend our defined benefit pension. There needs to be a comprehensive and united struggle embracing the whole labour and trade union movement and working people in their communities and across the nations'.



**Kenny MacAskill**  
**MP for ALBA**

Kenny MacAskill, Alba MP for East Lothian and former Scottish Justice Secretary, shared Mr Lynch's scepticism on the EU and his condemnation of the anti-democratic character of the Johnson government.

'But don't let's underestimate the Tories. They have a strategy. It is about big business control across all our nations. Johnson may be replaced. He's not popular even among the Tories. But the strategy will continue.

Tory appointees are being pumped into government quangos and the civil service. They intend permanent change like Thatcher. It's about contracting out the public sector in particular.

At the same time we cannot condone the SNP administration in Holyrood for its own privatisation agenda – closely associated with its obsession with the EU.

As they currently stand, the SNP plans to re-enter the EU are insane. They would involve years of austerity.

The Scottish people should have the option of a referendum on the EU. But real independence can only be advanced outside the EU through membership of EFTA, like Norway.



**Helen  
McFarlane**  
**Unite  
Executive  
member**

Helen McFarlane, Unite Executive member (Scotland) and former Labour candidate for Airdrie and Shotts, stressed the degree to which a neo-liberal agenda was entrenched in Holyrood as well as in Westminster.

'It requires a united movement to dismantle it in Scotland and across Britain. Unite under Sharon Graham intends to create such a movement. Workers' representatives in Britain's ten biggest combines in each sector are currently involved in discussions about how to lead wider struggles on equalities, pay, conditions and the fight back against Johnson's anti-democratic offensive.

We need to get back to our original remit. Unions must become the pace setters and galvanise their members to realise their own potential effectiveness.

Unite's current agenda is to devolve power across the regions and to mobilise retired members and community sections so that we can win a real struggle against Johnson's big business state.

This does not mean a stepping back from the political arena. It means recognising that there is going to be no immediate salvation via the Labour Party – or the SNP – and that if there is to be a fight back against Johnson our members will have to do it themselves.

Our job is to educate, rebuild collectives, defend communities and win an understanding of Johnson's strategy and how to defeat it. Johnson's main target is what remains of the public sector: the NHS, education, social services, transport. That's also where our trade union movement has its highest density. It is also why one of Sharon Graham's first acts was to ask where members were in dispute, to make contact and to see how wider support could be mobilised.

It is also why she has been in touch with other trade union leaders in these sectors, such as Mick Lynch, in order to plan combined responses.

This will be the battle front against Johnson and the Tories, a battle that has to be fought both organisationally and ideologically.

We need to educate and explain what Johnson's strategy is if we are to defeat it.



**Frieda Park**  
**ROSE  
Committee  
member**

Frieda Park brought the discussion back to the issue of the EU Withdrawal Agreement and the way both Johnson and EU leaders were using the current conflicts over fishing and Ireland to obscure the real issues involved.

'We need to move the discussion on from the Leave/Remain divide and focus on how Johnson is in fact importing all the EU's neo-liberal, pro-big business assumptions into British law and exploiting them to the full for his own purposes.

We also need to understand what is happening in the EU itself. Issuing Eurobonds, mutualised debt to help EU countries recover from the covid pandemic, appears to be a one-off, with the government of the incoming Chancellor, Olaf Schulz, largely committed to neo-liberal policies.

Early in 2022, when Macron becomes EU Council President, there will be a conference to discuss 'strategic autonomy' for the EU – the creation of a European military force able to act independently of NATO and the US.

This move has been matched by far more aggressive steps to exclude migrants and deny any right of asylum

The budget of the Frontex border force has been massively increased to enable it to enforce a new policy of total exclusion. This involves the creation of prison camps that will be legally on 'non' EU territory, give no rights to remain and simply act as processing centres for return. This is after more than 20,000 people have already perished in the Mediterranean – in some cases directly as a result of physical attack by Frontex or Greek or French navies. Hardly an institution we should want to re-join!

**Phil McGarry, Rose Chair,**  
**concluded the meeting by reiterating Mick Lynch's key theme. 'Our job is to defeat Johnson's anti-democratic state, defend Scotland's working class democracy and stop the pro-monopoly centralisation of powers.'**



# EU CENTRAL BANK FINANCIAL STABILITY REPORT FOR NOVEMBER 2021: WARNING ISSUED

## Excerpts from the report

‘While the recovery has broadened across euro area countries and sectors as lockdown measures have eased, some near-term risks remain, as corporate fragility remains high in certain sectors which were more heavily impacted by pandemic restrictions and had higher pre-existing indebtedness. There is also a risk that recent strains in global supply chains and the spike in energy prices could have longer-lasting effects on inflation than expected and weigh on the economic recovery.’

## ‘Continued exuberance leaves parts of real estate and financial markets increasingly susceptible to corrections

Euro area house prices rose at their fastest pace since 2005 in the second quarter of 2021, amid signs of easing mortgage lending standards.

**Buoyant financial asset price developments raise overvaluation concerns in some markets, increasing the likelihood of market corrections.** The combination of historically low real yields and elevated valuations (see **Chart 6**, panel c) leave sub-investment-grade bond and some equity markets vulnerable to adverse interest rate and growth shocks (see **Chapter 2**). The presence of a cohort of vulnerable firms could increase the sensitivity of corporate securities prices to risk-off shocks (see **Box 3**). A correction in markets could be triggered by a weaker than expected economic recovery, spill-overs from adverse developments in emerging market economies, a re-intensification of stress in the non-financial corporate sector or abrupt adjustments in market expectations regarding the prospective path of monetary policy normalisation. In addition, more persistent inflationary pressures than currently anticipated could push nominal yields higher, which may put valuations under pressure.

**The Report was issued on 17 November. On 1 December 2021 the Bank issued its inflation report showing a jump from an annual rate of 4.1 percent in October to 4.9.**



## New Rose YouTube Informational videos

These can be accessed here

**New CCT regulations and Community Wealth Building**

[https://www.youtube.com/watch?v=gaKM\\_sqXteM](https://www.youtube.com/watch?v=gaKM_sqXteM)

**Public Ownership and Johnson’s new regulations**

<https://www.youtube.com/watch?v=-Z8TtoruORg>

**State aid, closures and the powers of the Scottish parliament**

<https://www.youtube.com/watch?v=202M0IU14yE>

# Public ownership of Buses

## A key battle for 2022

Currently key decisions are being taken that will determine the future of buses, Scotland’s main form of public transport, for the next generation.

After much campaigning the Transport Act (Scotland) 2019 contained provisions for the public ownership of buses as one of three options. The others were bus franchises for buses provided by private companies but with councils determining fares and routes and continuation of the present system of Bus Service Improvement Partnerships. Here the bus companies determine the fare and routes ‘in consultation’ as at present.

Two years later the Scottish government has provided the detailed regulatory framework for Bus Service Improvement Partnerships plus £500 million cash to finance them.

## No cash or regulatory framework

It has provided neither for the two other options. Along with a number of major councils, notably Glasgow, it is now attempting to create a fait accompli before the 2022 local elections. Detailed agreements are currently being drawn up with First Bus and Stagecoach in Glasgow and elsewhere.

The Scottish government appears to be wanting to operate within the terms of EU Competition Rules now incorporated into UK law in Johnson’s Subsidy Control Bill and the new regulations for public procurement – or maybe just to maintain good relations with StageCoach and First.

**Whatever the reason, says Phil McGarry Chair of ROSE, it needs to be opposed by all who value democracy and cheap, frequent and environmentally safe buses.**

### AFFILIATE TO ROSE

Individual membership is £5; local organisation £10; Scottish level organisation £50

Name

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Address

\_\_\_\_\_

Fee \_\_\_\_\_

**Cheques payable to ROSE: Jim McDaid, 41 Craufurd Ave, West Kilbride KA23 9DP**

*Current affiliates include Scottish Unite, Unison and RMT and Trades Union Councils for Glasgow, Dundee, West Lothian, Mid Lothian, Fife, North Ayrshire, Dumfries, Clydebank and Kilmaurack & Loudon. Vice Presidents include Elaine Smith MSP, former Labour MEP Alex Smith and former deputy leader of the SNP Jim Sillars.*