Radical Options for Scotland & Europe

Published by Radical Options for Scotland and Europe April 2022

Why the Scottish Parliament needs powers to borrow to invest

SCOTLAND'S FERRY FIASCO

At ROSE's April meeting its chair Phil McGarry called for a radical new look at the ferry industry.

£105million for two overseas built ferries

'In March the Scottish government placed a £105m order for two new ferries on the Islay route with a Turkish company. April saw P&O sack all its crews – including those on the crucial Cairnryan-Larne route – in order to employ overseas staff at minimal wages. This was after failing to repay its £15m covid loan and its owner Dubai-based DP World paying out £270m to shareholders'.

'Then it was revealed that the ferries commissioned by the Scottish government from the Ferguson yard were four years overdue and unlikely to be finished.'

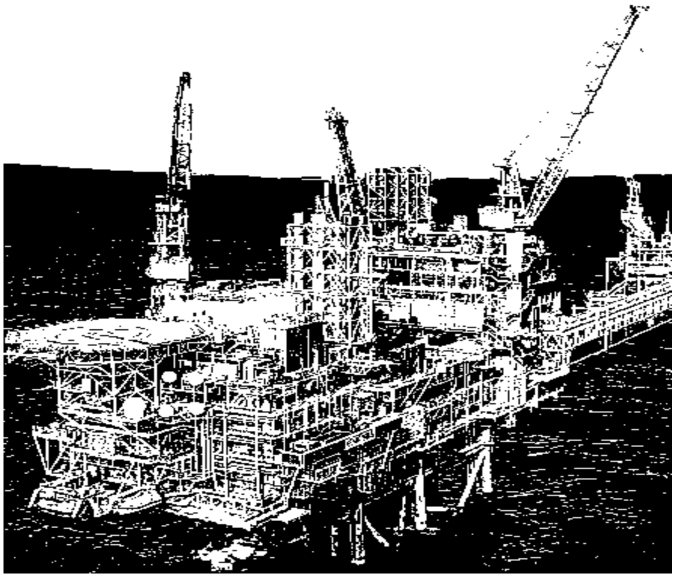
Public sector ferries – but who is to build them ?

'Correctly Katy Clark MSP has called for all future ferry orders to be in the public sector. But that begs the question. Who is to build them? Without proper investment failure is inevitable – as at Fergusons'

Mr McGarry said that the ferry crisis underlined the need for the Scottish parliament to have more powers – particularly to borrow to invest.

'Currently under the 1998 Act the Scottish Parliament has only minimal powers, less than a local authority, and its borrowing to date has already almost reached its prescribed limit. But investment is urgently needed – not least for a publicly-owned shipbuilding industry. Scotland has the skills. We have university departments in marine engineering. But our Parliament lacks the funds to invest – funds that would quickly pay for themselves, create jobs, develop ancillary services and ensure that Scotland had the ferries it needs.'

'Scotland could then move forward and ensure the crucial routes to its island communities as well as its trade to Ireland and Scandinavia were secured for the future.'



Harbour Energy's Judy Platform, Central North Sea

Harbour Energy nets an additional £1.7 billion

On 13 March Harbour Energy, the North Sea's biggest oil and gas operator, announced that its income would increase by £1.7 billion for the current financial year as a result of the increase in gas prices.

Over a third will go to seven wealth management companies

Those benefiting from the massive increase in Harbour Energy's income will be a Carnary Wharf based investment trust and a Singapore sovereign wealth fund – who between them own over 20 percent of the shares. Another 14 percent are owned by four US wealth managers.

At the same time domestic consumers of gas face a 54 percent increase in the gas price and a further 40 percent increase in October. **Each of Britain's 27 million households will be donating £60 to Harbour Energy's super rich shareholders.**

p. 2 Vince Mills on EU deficit rules p.3 Arthur West on EU defence plans p.4 ROSE STUC Fringe details

What ROSE stands for

Radical Options for Scotland and Europe was established following the EU referendum in 2016. It brought together those on the Left, both opponents and supporters of the EU, with a common objective. This was to maximise the potential benefits for working people outside the EU's neo-liberal laws and to oppose those in Britain who wished re-impose pro-big business and anti-democratic regulation.

In so doing ROSE bought together those who wanted to see these 'radical options' realised within an independent Scotland and also those who saw the way forward in terms of a unified labour movement at British level.

Initially these objectives had the wind of change behind them.

Across Europe, in the years immediately after 2016, there was revulsion against the damage done to the social fabric by half a decade of austerity and mass unemployment in Greece, Portugal, Spain, Italy, Ireland, Belgium and France.

In Britain similar anger brought mass support for a new radical leadership in the Labour Party committed to restoring public ownership in industry, rebuilding the welfare state and freeing trade unions to play their traditional role in mobilising for social justice.

And among those committed to an independent Scotland these years also saw hopes that the major independence party would itself adopt some of these objectives.

Today a new and grim reality faces us. An inflationary crisis grips the world economy. It is a crisis manufactured by the issuing of banking credit to the financial sector - massively increasing the wealth of the very rich at the expense of everyone else. And that crisis is now, in face of a continuing pandemic, being further intensified by war.

Worse still, in Britain, we face a government that, for all its apparent incompetence, has a strategy every bit as dangerous as that pursued by Thatcher in the 1980s.

Johnson's aim to centralise power

Johnson's aim is to centralise power, eroding what remain of our democratic rights at local, Scottish and Welsh level, in order to rescue a near bankrupt big business sector largely controlled by financial speculators. To do so he intends to hand over to these speculators, along with massive government subsidies, what remains of the social services provided through local government and the NHS, and, at the same time, make the 'greening' of our economy a honey pot for privateers.

Legislation currently going through Westminster will provide the legal basis for this and Gove's Levelling up White Paper defines the policy.

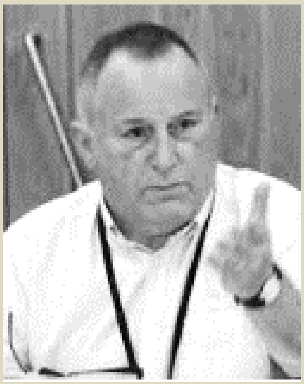
This legislation largely strips Scotland and Wales of the economic policy powers delegated in 1998. For the whole of Britain, Scotland and Wales included, it also transforms the structures of local government. In England elected councils will be replaced by mayors and county 'governors' funded by grants from Johnson's Westminster government that will depend on forming business partnerships.

In Scotland and Wales City Region Partnerships will operate on the same basis – with the money coming straight from Westminster. At the same time local authorities will be further starved of cash.

Billions of pounds have been earmarked for these 'Levelling Up' and 'Green Transition' initiatives. All are dependent on the development of new corporate partnerships for infrastructure provision, for the delivery of services and for 'green' transition.

Thatcher's Neo-Liberalism Mark I took our public sector industries and trade union rights. Johnson's Mark II is poised to take our public services and highjack the Green agenda. This is why the alliances represented by ROSE, pledged to defend our democracy at Scottish and local level, remain more important than ever.

VINCE MILLS says Stella Rooney is correct to question the SNP's infatuation with the EU



One of the great Scottish mysteries has got to be the SNP's obsession with membership of the EU, even when the consequences of that membership are harmful to Scottish jobs and the Scottish economy. They share this with the Scottish Green Party and indeed the formal partnership that both have signed up to, if anything, intensifies this political pathology.

As Stella Rooney, a well-known socialist activist and independence supporter, writes in Scottish Left Review: "The case for independence presented by the shared programme (*of the Scottish Greens and SNP ed*) is also predicated on membership of the EU, presenting issues on public ownership and currency which must be urgently resolved."

EU Budget deficit rules

Stella could have added a number of other problems. Let's take the biggest, first of all: EU rules on membership. Every EU country is expected to have a budget deficit (expenditure over income) of less than 3 per cent. Even if Scotland while seeking membership, was able to negotiate a transitional deal giving them more time to meet the EU rules, this constraint would be catastrophic for the Scottish economy.

The Government Expenditure and Revenue Scotland (GERS) report shows an estimated net fiscal balance (including a geographical share of North Sea oil) in Scotland of -£36.3 bn or –22.4% of Scottish GDP for 2020-21. Admittedly these are exceptional times, but getting a deficit from 22.4% to 3% would require traumatic reductions to public expenditure.

Undeterred, the SNP continue to tell us on their website that the EU membership is a good thing. Well, explain this.

£50 million owed

Scottish government ministers have decided not to take back any of the £50m it is owed in loans and interest from the state-controlled Prestwick Airport. A decision most Scots would applaud.

However, the Herald newspaper is claiming that by doing so it is in breach of EU rules that are still relevant in this case. Although the rules allow the government to lend at a reduced rate, the fact that it made no effort to collect anything means the government may be in breach of State Aid rules, were an investigation launched.

It is worth noting that The Scottish Government has already broken EU rules on State Aid by supporting Sumburgh Airport on Shetland and Inverness Airport.

Vince Mills (cont.)
According to the European Commission more than £20m provided to Inverness between 2012 and 2017, and £35.4m to Sumburgh were "illegal state aid" in breach of the Treaty on the Functioning of the European Union (TFEU), which states that aid measures must not be put into effect before the EU has authorised it, even although these airports provide lifeline services.

Refusal of State Aid to hydro firms

Despite this, hell bent in demonstrating its fealty to the EU, the same Scottish government has refused state aid to some small hydro firms. A Holyrood scheme that allowed those firms to receive a reduction in business rates was scrapped because the Scottish government claimed it contravened EU state aid rules.

One of the few benefits of the UK post- Brexit Subsidy Control Bill, which replaces EU rules on subsidies, is that the Scottish government should be able to define what it considers a reasonable subsidy.

But the Scottish government is insisting that it will continue to define business rates relief for affected small hydro firms as a subsidy, no doubt so that it can claim it is remaining close to those same punitive EU rules causing problems with Prestwick and Sumburgh and Inverness.

It is hardly any wonder that independence supporters are increasingly asking whether sovereignty is compatible with EU membership.

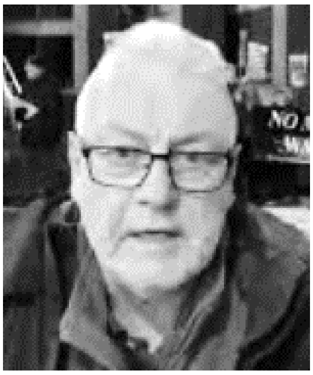
Johnson's centralising legislation – now nearing the Statute Book

The Subsidy Control Bill will be given its final Reading in the Commons on 22 April to consider amendments made by the Lords. The amendments do not appear to materially alter the powers of central decision-making by Westminster over the crucial area of state aid to industry and public sector intervention.
https://publications.parliament.uk/pa/bills/cbill/58-02/0296/en/210296en.pdf

EU on verge of new austerity

The statement issued on 2 March by the Executive Vice President of the EU Commission Domdrovskis called for a 'gradual improvement of fiscal positions' by 'high debt countries' and the limiting of current expenditure from the end of this year.

Average EU debt is at 90 percent as against the target of 60 percent. The EU Central Bank on 10 March called for a halving of asset purchases (cash in return for debt) from April to June 2022. The ECB meeting on 24 March demanded greater stringency in terms of debt quality. Inflation across the EU in March stood at 7.2 percent – and 7.6 percent in Germany while business investment stood at 24 percent of GDP as against 27.4 percent in December 2019 (and in Germany down to 21 percent)



Arthur West questions the EU's move towards global military intervention

Arthur is former chair of Scottish CND and Secretary of Kilmarnock and Loudon Trades Union Council

In March 2021 there was a worrying development in the European Union's military role . In what could probably be described as a watershed moment for EU Defence policy it was agreed by EU Foreign Ministers to create a fund to allow the EU to send aid and military equipment all over the world.

The money for these arms and military equipment comes from a so-called European Peace Facility budget heading. This fund is financed through contributions from member states. It is intended that 5 billion euros will be available in the fund to be spent in the years up to 2027.

The measure met with stinging criticism from Hannah Neumann MEP who is a foreign policy spokesperson for the Greens in the European Parliament who said: 'this so called European Peace Facility will allow the EU to export lethal weapons around the globe , including to conflict regions.'e funds being made available to this new budget heading are being kept separate from the EU's main seven year budget to get round the bloc's rules against spending its budget on weapons.

At the end of February 2022 it was being reported that through this so called Peace Facility the European Union will provide Ukraine with 500 million euros in arms and aid . According to European Union Foreign Policy Chief Josep Burrell - 450 million euros of the money being provided to Ukraine will be for lethal arms . While the much smaller amount of 50million euros will be provided for non lethal supplies such as fuel and protective equipment Many supporters of the EU would argue that it is an organisation which can provide a path to a more peaceful world through promoting trade and cultural links . However the creation of this so called Peace Facility seems to be a cover for increased involvement of the bloc in a military role.

It could also as organisations such as Oxfam have warned risk fuelling conflict and human rights abuses around the world.

There is now a case for looking to other organisations such as the Organisation for Security and Co-operation in Europe or OSCE to provide a way forward to a more peaceful world.

2022 STUC

IMPORTANT CONSTITUTIONAL ISSUES RAISED FOR DEBATE

A number of significant motions on Scotland's constitutional future will be debated at Aberdeen this month.

Probably the most significant is Composite H. This is backed by Unison and a number of Trades Union Councils. It condemns the attack on the Scottish parliament's 1998 economic and industrial powers by Johnson's Subsidy Control Bill and calls for consultation with the Welsh TUC for a joint campaign. It also calls for greater tax and borrowing powers to fund an expansion of publicly owned services.

Also significant are resolutions from Unite and CWU on the defence of legal powers to develop **Community Wealth Building** and those from RMT and Glasgow TUC calling for **public ownership, respectively, in the ferry industry and bus transport.**

ROSE FRINGE AT THE STUC

Defending the Scottish Parliament's Economic and industrial powers against

JOHNSON'S CORPORATE-PARTNERSHIP AGENDA

Tuesday, 26 April at 6 p.m.

Helen McFarlane Unite EC

Alex Gordon President RMT

Rab Patterson Midlothian TUC

Chair Phil McGarry

THE CARLTON PUBLIC HOUSE

32 Castle Street, AB11 5BB

Four minutes from Music Hall: Refreshments

Scotland's Poverty Pay Crisis

Gordon Martin of RMT at the 2 April People's Assembly Rally in Glasgow attacked the most blatant recent example of wage cutting at P&O. However, he stressed, all workers are now in the frame.

At the beginning of April local government unions across Scotland announced they were balloting for industrial action. In March the unions had lodged a claim for a 12 percent increase. Unison stressed that well over half their members currently earn less than £25,000 a year.

COSLA came back in March offering 2 percent – a few days after the Chancellor had delivered a budget statement leaving departmental budgets frozen – simultaneously freezing Scottish devolved budgets.

The same day that Sunak delivered his budget the Office for Budget Responsibility issued a forecast warning that inflation will reach 8.7 percent by autumn this year. This would mean that some of Scotland's poorest workers – all delivering essential services – will suffer a real wage cut in excess of 5 percent.

Johanna Baxter, UNISON Scotland's head of local government said: "We have been left with no choice but to consult our members on industrial action. We had hoped that COSLA's leaders might have reflected on the strength of feeling and the significant financial pressures our members are facing and come back to the negotiating table. It is extremely disappointing that they have chosen not to do so, particularly since the 2022 uplift is due today. The failure to put forward an acceptable offer does a disservice to every local government worker who kept this country going during the pandemic.

Similar pay cuts face essential workers in the NHS despite still struggling to cope with a mounting resurgence of Covid. Vince Mills, ROSE joint Secretary, comments: 'if there was ever demonstration of the need for income redistribution from rich to poor across Britain, this is it.'

ROSE CAMPAIGNING FOR A PROGRESSIVE FUTURE

The new Rose website www.rose-scotland.org
And the new twitter account @Radical Options

The website contains details of activities and podcasts on
New CCT regulations and Community Wealth Building
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 I
Borrowing powers and the crisis in Scotland's ferry provision

AFFILIATE TO ROSE

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

Name ______________________

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 Kilmarnock & Loudon. Vice Presidents include Elaine Smith MSP, former Labour MEP Alex Smith and former deputy leader of the SNP Jim Sillars.