

Radical Options for Scotland & Europe



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ROSE'S SUMMER MEETING

PUBLIC OWNERSHIP FOR PUBLIC UTILITIES

This was the key theme of Rose's summer meeting which brought together campaigners from communities, trade unionists, councillors and parliamentarians to discuss the current crisis of social provision and the rapidly expanding inflationary attack on living standards.

The whole of this bulletin will be devoted to transcripts of the main contributions.

The central theme was set by the former leader of North Ayrshire Council Cllr Joe Cullinane when he described the Council's achievements over the past three years of Community Wealth Building – as asserting the power of local electors over the spending of the Council to ensure it maximises the benefit for those who live there.



Councillor Joe Cullinane

"I want to focus on Community Wealth Building – which North Ayrshire Council was the first to take forward in Scotland. We drew our inspiration from Preston and other councils south of the border.

We developed Community Wealth Building against the background of the flawed nature of previous industrial development policies reliant on attracting big multinational companies. Ayrshire's crisis was caused by these companies shifting elsewhere and leaving nothing behind except dereliction. Despite efforts to replace them, nothing came – and, if they had, the benefits would not be 'trickle down' but go to the big investors and those who hold economic power in our society.

Assets which our council and local communities possessed

What we did was to look at what resources our Council, and local communities, possessed, and how we could use them for development. This included the Council's physical assets and the knowledge of those working for the council as well as local people.



Shell's Gannet platform off the Aberdeenshire coast.

How private ownership robs us and our communities

In the second quarter of 2022 Shell plc, the energy giant registered in London, turned a profit of £23 billion – projecting an £80 billion profit for the year. Shell has oil interests world-wide and its revenue from its six North Sea rigs constitutes only a fraction of the total. Nonetheless, consultants Wood McKenzie estimate the total revenue from all North Sea oil and gas for 2022 as £28 billion, the highest ever.

These vast profits are the other side of the massive fourfold increase in energy prices that will affect all households in Scotland by early 2023. Most of this energy comes from either the British (40 per cent) or the Norwegian (40 per cent) sectors of the North Sea. It costs not a penny more to produce than in 2021. Who benefits? Corporate shareholders. Shell's three biggest are three US investment companies, the biggest BlackRock.

The same goes for the power companies that distribute the electricity and gas. SSE is owned by the Spanish firm Ibdrola – whose biggest shareholders are the Sheik of Qatar (Qatar Investment Authority), BlackRock and Norges Bank. Scottish Power is owned by OVO whose biggest shareholders are the Mitsubishi Corporation and Mayfair Equity Partners. They benefit from our hardship.

We Say

Our chair, Phil McGarry, political officer for RMT Scotland, opened our Summer Meeting by describing the impact of the EU's pro-business rules on his own industry. Now, after leaving the EU, the Tory government was determined to maintain these controls and deny Scottish and Welsh legislatures their rights to assert full ownership.

The EU's Fourth Rail package had adopted many of the worst features of Thatcher's rail privatisation to break up public ownership and privatise key segments of the rail industry across Europe. EU competitive tendering rules had also ended comprehensive public ownership for Scotland's vital ferry services - allowing companies like SERCO to seize the most profitable routes.

Tory Internal Market Act

Now, said Mr McGarry, the Tory Internal Market Act, along with the Procurement Bill before parliament, were abrogating the powers delegated in 1998 enabling the Scottish parliament to determine economic and industrial policy as it affects Scotland.

This Tory legislation will mean, unless reversed, that full and comprehensive public ownership will no longer be an option. Instead, the Westminster government will use its control to hand out contracts to big business.

It was regrettable, he said, that the Scottish government, itself, wants to revert to the EU's neo-liberal and pro-business rules - requiring competition, labour 'flexibility' and caps on public spending

Public Control of Public Utilities

The crisis we now face illustrates all the dangers of surrendering public control of public utilities. Instead of income coming back to the people or being invested to maintain services, maximum profits are extracted for wealth-holders - mainly based overseas.

A generation ago, across Britain, water, rails, buses, postal services, electronic communications, gas, electricity and even parts of the oil industry had been in public hands. The disastrous crisis we now face - with the National Institute of Economic and Social Research forecasting 17 percent RPI inflation later this year - is a direct result of this privatisation, of extracting maximum profit and not investing.

We would have been able, using the oil and gas still in the North Sea and the renewables now installed in Scotland, to keep prices at the previous level without damaging future growth. To a large extent this would also have been case for the rest of Britain.

As it is, untold damage will be done. The poorest will be worst affected. Hunger will return. And the public services on which we all depend will be hard hit. Councils will be forced to cut essential support for the elderly, the young and those with disabilities as well as basic services like cleansing and education.

Community Wealth building is community power building

The 'radical alternatives' which Scotland needs are clear. We require public ownership of public services. But we also need more than this. These services need to be as far as possible directly responsible to people locally - with a restoration of local government democracy.

The Community Wealth Building described by Joe Cullinane is also Community Power Building. And the stronger that power gets, the weaker will be the ability of external wealth-holders to extract maximum profit, damage vital resources and impoverish our communities.

ROSE'S Summer Meeting

Joe Cullinane continued

We started in May 2020, just into the pandemic, on the basis of plans developed over previous years and advice from CLES in Manchester. We did so on five fronts bearing in mind that we sought a plural economy not just based on the private sector but a democratised economy with social enterprises and worker co-operatives that would not up sticks and leave.

Local Savings Banks

First, financial power for long-term local investment - seeking, for instance, to ensure that the money belonging to local workers in Strathclyde Pensions did not simply go to the big companies, often to be invested in fossil fuels, but was invested locally to create jobs - usually with greater financial benefit. We promoted the idea of local savings banks, as in Germany, instead of the big five joint stock banks, so that local money could sustain local economic activity - as already initiated in Preston and Wales. We also looked at physical assets in terms of land and building. Previously these had been simply sold off, losing public value for ever often at minimal financial return. Instead we sought to ensure they were put to use. Reusing Cumbrae Town Hall for the local community mobilised £2.5m. Turning council owned landfill sites into three solar farms ensures that the council produces 277 percent of its electricity and can therefore supply other local organisations.

On recruitment we understood the leverage power of our labour force, the biggest in North Ayrshire, to set standards of pay and conditions across the area. We also saw the importance of using the skills of those with disabilities, of the long-term unemployed and single parents, levering them out of poverty, and thereby, improving health and reducing costs for the NHS.

Procurement

On procurement we spend a billion a year in Ayrshire. Only a fraction goes into the local economy. So we developed a programme whereby when we knew we would need a contract for x, we would prepare local businesses beforehand to have the capacity to bid effectively.

Finally, on Community Wealth Building itself. The Scottish government itself has a department named as such but in our experience it is all talk and no delivery. It has not embedded Fair Work and is effectively a tick-box exercise. This last month saw an appalling debate in the Scottish parliament - with even leading Labour figures failing to grasp what was at stake. The only exception was Richard Leonard who was outstanding - providing hard facts on the destructive role of reliance on foreign investors.

Rebuild the confidence of the trade union movement

What are the next steps? First and foremost it must be to rebuild the confidence of the trade union movement in its own strength as is currently being done by RMT. Second, it is for our movement to have a strategic vision of what the public sector could look like if driven from below and directly by the Labour movement. Here CWU is leading the way with a perspective of real public control for communications and postal services.

Helen McFarlane

Scottish representative on the Unite National Executive speaking in personal capacity



This meeting is about the Tories' post-Brexit power grab: their attempt to over-ride local and national democracy and assert Westminster's central control under the guise of 'levelling up'. We have to oppose this and do so by posing alternatives that protect working people and protect our democracy. Both the TUC and the STUC have issued manifestos identifying the key issues.

The TUC's document is itself called Levelling Up. It addresses the issue of state aid and what conditions should be now attached to it outside the EU. It stresses five points. First, public procurement and any form of state aid to industry must depend on the provision of decent jobs: jobs with development, training and appropriate pay. Second, all public money must be seen to be fully accountable and its uses transparent - not the dodgy deals done during Covid. Nor, even more dangerous, the type of contracting out which bedevils the NHS in England and has put much of the service in the hands of private contractors such as Branson and Serco. Third, it must be targeted to support wider regional and national development. Fourth, it must maximise industrial development and do so accountably. Fifth and finally, now we are outside the EU, the government must negotiate new trade deals that will maximise access for British goods. For Scotland the STUC has developed similar policy. Government procurement must be used as a lever for fair work and economic development.

Bifab and Springburn Rail Workshops

In the past the SNP government has repeatedly claimed – as in the case of Bifab and the Springburn Rail Workshops - that its hands were tied by EU regulation and no aid could be given. As a result a series of important workplaces were lost. Now this excuse no longer applies, the movement needs to be ready to hold the Scottish government to account.

And in terms of the changes in procurement regulations outside the EU, it should be working people who benefit - not the government's friends. Vast amounts of government money, our money, are involved. Just to take one example. The government promised new passports. But their new 'black' passports are being printed overseas and not by Unite print workers. Equally on the issues of regulation. The quality of services in the NHS is critically dependent on explicit regulations. The trade union movement has a key role here. Only trade unions have the local knowledge – and people - to ensure standards are maintained and that jobs and patients are protected. We must be vigilant and pro-active here as elsewhere.



Carol Mochan Labour MSP

South Scotland

Since being elected to the Scottish parliament I have been struck by how little actual 'politics' there is. Most of the time there is minimal debate. It is all formalities – and then, suddenly, in the last two weeks of the session, all the legislation is pushed through.

My assessment is that the Scottish parliament could do much more to challenge the right-wing, post Brexit agenda coming from Westminster. The SNP tendency is to do little or nothing. Everything must wait for a referendum. But when you are there in parliament the opportunities are obvious – on, for instance, land use and ownership, on transport and local authority procurement. North Ayrshire Council provides the best example of what can actually be done – but it is never referred to by the ruling administration.

The Scottish government coalition has enough votes to block anything it wants. And their back benchers are not political, often nice people but not interested in politics. Just last week we saw legislation on rent control defeated – despite a mass campaign across Scotland at a time of significant and increasing hardship for many in the rented sector.

My feeling is that there is much more that campaigners outside parliament can do – as well as parliamentarians using the committees to push amendments. Those outside parliament could make use in particular of the Petitions Committee to raise issues and mobilise campaigns that will force local MSPs to take a position. In the coming session we will, for example, need interventions on the National Care Service proposals. The Scottish parliament is there to be used. We should ensure it is.

Pauline Bryan, Labour Peer



The Procurement Bill is currently at the Committee stage in the House of Lords. As with the Internal Market Bill, the Procurement Bill side-lines existing devolved powers for Scotland and Wales. I have now come to the conclusion that the Tories do not accept devolution in principle. They want a centralised state free to operate on the terms set by big business.

Looking at the Procurement Bill, the Labour administration in Wales takes the view that some elements of it (unlike the Internal Market Bill) can be used to assist local development. By contrast, the Scottish government simply seems to want to stay in alignment with the EU in all respects – even if damaging to Scotland's economy.

We need to watch all this legislation as it goes forward. It will be of critical importance for what is left of the democratic powers of devolved institutions.

Cllr Matt Kerr representing the CWU (Scottish Secretary Craig Anderson was in hospital)



In terms of moving back to democratic public control the first thing to do is identify natural monopolies. The railways are a prime example. They could not operate without public subsidy. They have not been able to do so since the 1920s and they should be in the public sector at national level. They represent wealth held in common and should be owned and run as such.

Identify natural monopolies

The same goes for most of the employment covered by my own union, the CWU. We have just had three ballot results for strike action. Two were fully successful. One, for EE, failed on turn-out by 8 votes which was surprisingly good. EE did not join BT until five years ago and came out of the private sector, mainly call centre workers, very few of whom had been in a union previously and with deplorably low terms and conditions. This should also remind us that being in the EU did not supply universal safeguards. EU floors in terms of workers' rights and conditions were very poor. Most of what we have won by our own trade unions or trade union inspired legislation such as the 1974 Health and Safety at Work Act.

And this should take us to the main topic today: public procurement. When I was Social Work convener for the City of Glasgow up to 50 percent of our expenditure, a vast amount of money, went through public procurement rules to the private sector. We were told by legal services that there was no alternative.

But I soon came to realise just how all this operated. One very recent example is the plight of Glasgow taxi drivers. They face charges of ten of thousands of pounds to convert their taxis after two years of Covid. They were given individual grants of £2,000.

When I asked officers why they could not get more, I was told it would be in contravention of EU state aid rules. When I asked how it was that three big bus monopolies across SPT area got full costs, many millions of pounds, I was told that the Council has secured permission from the EU. Why did they not ask the same for the taxi drivers? Clearly they are not big business. They don't have a corporate lobby. But taxi drivers are just as vital a part of public transport – for the elderly, the ill and those with disabilities and for those living in areas without bus routes.

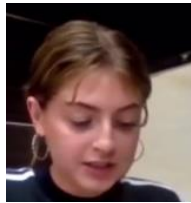
Those in political parties committed to the EU show an amazing blindness as to its faults, to what it never did to protect working people. I was part of a task force in the City Council to prepare for withdrawal and I suggested that it should seek to exploit the new freedoms on behalf of the public sector. I got altogether no support.

This demonstrates the need to challenge the legal advice offered - as Joe has done in North Ayrshire. Civil servants and council officers have all been trained to accept monetarism and neo-liberal market rules. We must think for ourselves in councils and in the Scottish parliament and remember the fate of Glasgow Caly – the loss of the last train repair facility in Scotland.

In my own industry, in Royal Mail, we have a potential public service of great value. Posties visit every address every day. They could provide vital community services in terms of contact with the old and vulnerable. To some extent they did during Covid. But Royal Mail is very profitable for its corporate owners. In the past it was used to subsidise Post Offices which are loss making. Today corporate interests would oppose any wider social use – which is why we need to build a movement to take public services back into public ownership.

Stephanie Martin

Community Energy Campaigner
Wyndford, Maryhill



I'm here to show, starting from the very grassroots of our communities, community wealth building can be achieved in line with addressing the climate emergency. Through struggle, shoulder-to-shoulder with our neighbours, against private energy sector and a callous political elite who uphold it, the working class can save itself from economic peril while also alleviating the impending climate catastrophe.

As the Radical Options for Scotland and Europe Statement of Aims sets out, we have an opportunity outside the EU to fight for public sector-led infrastructure programmes in the energy sector. We can force a requirement for contractors to adhere to specified employment conditions that put the worker at the centre, and also crucially take back power over essential utilities by bringing them into public ownership through local government.

But, while the EU's legal framework preventing such radical action from hitherto developing has been removed, neo-liberal assumptions still remain dominant and our government is hell bent on sustaining a broken system of rampant inequality, most demonstrably evident in the private energy sector itself. While some of the most vulnerable among us are spending an average of 54 percent of their income on energy bills, SSE have made an operating profit of £1.5 billion in the last year with a 15 percent year-on-year increase in profit according to the BBC.

“Callousness of energy companies”

In my own community, the Wyndford in Maryhill, we know too well the callousness of energy companies, as we are one of the most at risk housing schemes for fuel poverty in the country. In 2012, SSE were brought in on a Scottish Government District Heating Network initiative which Cube Housing Association were relying on in order to bring its housing stock in the Wyndford up to the decent homes standard for energy efficiency and fuel cost.

In 2011, Alex Salmond's SNP government pledged to address fuel poverty and work towards meeting climate change targets by commissioning these heat networks across the country. Today, there are over 23,000 homes in Scotland supplied by 800 heat networks. These vary widely in size, for example in the Wyndford around 1800 homes are supplied by a district heating network - the biggest housing scheme with a communal heating system in Glasgow.

It is an environmentally friendly initiative which involves a distribution system of insulated pipes that carry hot water or steam from a central source to homes within a given zone. They run at a very low cost to energy providers.

However, in the experience of my community in the Wyndford, they have not run at a low cost to the consumer. Tenants in this area have reported to Wyndford Residents Union exorbitant rises in their fuel bills to the extent that many are now in debt or choosing between heating or eating. 80 percent have already reported unaffordable heating bills before the Covid-19 pandemic. My own heating bill has risen by 56 percent, and I am a young working mother who has to rely on universal credit due to low wages. At a time when SSE have reported a 15 percent yearly increase in profit, when their CEO Alistair Phillips-Davies has just been handed a 47 percent pay rise, why are they raising fuel bills to such an extent?

Greed is the answer. But our community has had enough of this blatant rip-off and are organising a fightback. Given that the district heating station site is owned by the housing association, who are a social landlord, Wyndford Residents Union have been petitioning Wheatley Homes (who have subsumed Cube Housing Association) for a meeting with them and SSE in order to negotiate over these price hikes. The aims of the private energy sectors are directly contradictory to the key founding principle of the district heating scheme - to alleviate fuel poverty. We believe that SSE are unfit to operate our district heating system. It is undemocratic even within capitalism's own free-market terms. *Stephany's full speech is on the website.*

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.

New ROSE video explainers can be found at

https://rose-scotland.org/?page_id=532

The video of the meeting is on the new Rose website www.rose-scotland.org

And the new twitter account is @Radical Options