Radical Options for Scotland & Europe

FOR PUBLIC OWNERSHIP AND DEMOCRATIC CONTROL April 2023

STUC DEBATES HOW TO SECURE PUBLIC SECTOR ADVANCE

This year's STUC congress in Dundee will debate a range of keynote motions that carry forward existing STUC policy on the need to defend and advance public ownership and democratic control within Scotland's economy and more urgently and immediately in the provision of public services.

Further devolution of tax powers

The STUC general council follows up its recent policy paper with a resolution calling for the resources needed to sustain a developed public sector. It calls for a tax on wealth and the implementation of a new local tax system that will restore power to local government, based on a proportionate property tax and a land value tax. No less importantly, it calls for further devolution of tax raising powers: inheritance tax, a national wealth tax as well as greater borrowing powers.

On public ownership the STUC general council also calls for an integrated strategy including a public energy company, publicly owned bus transport, a public construction company and for proper funding for the development of Scotrail and ferry services.

Proper funding for social services

A motion from Unison raises the need to invest in public services, particularly the NHS, and, most importantly, the payment of appropriate professional wages for staff in the NHS needed to retain and develop its workforce. EIS proposes a parallel motion for educational services. Fife Trades Union Council stresses the need for a public sector energy policy if COP 90 climate targets are to be met. RMT calls for the proper funding of publicly owned ferry services

A Third Option

Clydebank Trades Union Council takes up the call for the further devolution of funding powers by proposing that, in any referendum on constitutional change, there be a third option between the status quo and independence by which Scotland would secure substantial home rule within a general move to decentralise powers to Britain's nations and regions.

Unite Social Care Workers lobby Humza Yousaf

On 14 March Mary Alexander, Deputy Scottish Secretary Unite, led a delegation of care workers to lobby the then Health Minister at his constituency office in Govan – calling for the National Care Service Bill to be withdrawn in favour a public sector alternative.

Kate Ramsden, Unison NEC member says
No place for profit in care

If the COVID pandemic taught us anything about social care it was first of all, how important our social care workforce is to our communities – and especially to our most vulnerable. Yet, primarily women, this workforce is amongst our lowest paid. Any hopes we had that the clapping throughout lockdown might have improved how this work is valued and paid have been sorely dashed. (cont. p.2)

We Say

Radical Options for Scotland and Europe was formed in 2017 after the referendum to leave the European Union.

Public ownership and democratic control

Its objective was to campaign for public ownership and democratic control in the new circumstances. In particular, ROSE sought to ensure that, whatever legislative and constitutional changes resulted, the opportunity for working people to exert power over the production of our society's wealth was enhanced and not diminished.. And it sought to do so in continuing comradeship with those within the EU who had the same objectives. Hence our name.

Those who played a leading part in ROSE's early days included Elaine Smith MSP, deputy convener of the Scottish Parliament, Phil McGarry of RMT, Jackson Cullinane of Unite, former MEP Alex Smith and also Jim Sillars representing the radical socialist tradition within the national movement.

A turning point

Today we are at something of a turning point. We have a new Scottish first minister, Humza Yousaf, welcome as the grandson of a worker, in Singers of Clydebank, originally from Pakistan,

But our new first minister's record as minister for transport, justice and health, show him committed to what has been described as corporate partnership. In common with the previous leadership he sees the fortunes of the SNP as tied to those of those of business, in almost all cases big multinational business.

Corporate partnership

This was clear in his stewardship of the National Care Service Bill and also the Transport Act which has resulted in renewed franchising of bus services to two multinational companies. Similarly the last SNP government's ScotWind franchise has just handed Scotland's seabed to the same multinationals that were largely responsible for the crisis in energy prices.

It is this type of partnership which the leadership of the SNP sees as integral to its ultimate objective of independence in the EU – an institution that, despite the objectives of some of its founders, represents just such a corporate partnership.

Very soon, in 2026 if not 2024, we will be faced with a choice between this and the manifestly unsatisfactory status quo.

Powers of a Scottish parliament

This is why serious attention should be paid to another product of Clydebank, the motion before this year's STUC congress from its Trades union Council, calling for a Third Option in any referendum that would enhance the powers of the Scottish parliament in terms of tax and borrowing, of industrial policy and in particular power to assert public ownership. And that, if possible, this should take place within wider constitutional changes by which the Westminster parliament would be reset as a facilitator of income redistribution and social justice across the regions and nations of Britain.

This is not necessarily a policy of ROSE but it is a perspective that would seem to warrant serious consideration in the current crisis of our country's development, its industry and social services

No place for Profit in Social Care

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The second was that social care across the UK – and Scotland is no exception – has been woefully underfunded, leaving it in a terrible state to deal with the challenges of COVID and resulting in many unnecessary deaths. That was the case across social care but was writ large in the for-profit sector. COVID laid bare the inadequacies of private sector provision, both for our vulnerable service users and for our staff.

531 Covid-19 Deaths

We all remember in Scotland the scandal of the HC-One, Scotland's largest care home provider's Home Farm care facility on Skye, where 10 residents died from COVID-19 and many more staff and residents were affected by the virus. The care home was subsequently taken back into council control. Overall there were 523 COVID-19 deaths at HC-One care homes in Scotland, nearly 3 times more than any other provider.

As a trade union movement we have known for a long time the pitfalls of outsourcing public services and we have long campaigned against this ideological trend.

It doesn't take a rocket scientist to see that taking money out of social care services to give to shareholders leaves much less for investment in staff and service users. And the more the imperative is to turn a profit, the less is the focus on service quality or staff pay and conditions.

Ten percent of entire budget goes to profit

A Centre for Health and the Public Interest (CHPI) report in 2019/20 showed that out of a total annual income of £15bn, an estimated £1.5bn (10%) leaks out of the UK care home industry annually "in the form of rent, dividend payments, net interest payments out, directors' fees, and profits before tax, money not going to front line care." Yet there is a growing privatisation of care in Scotland with three out of every four care home places now provided by private companies.

Quality driven down

We have also seen the quality of home care services driven down by private sector providers over many years, with cuts to home care visits to the vulnerable elderly and disabled, often to as little as 15 minutes, leaving no time for relationship building, dignity or respect. In some cases, private providers have required home care staff to travel between service users unpaid, cutting already poor hourly rates below the legal minimum.

A recent piece of research commissioned by STUC, "Profiting from Care - Why Scotland can't afford privatised social care" provides further strong evidence that Scotland's for-profit care providers perform systematically worse than other types of provider in terms of working conditions, care quality and value. It echoes the calls from UNISON and other unions to "kick profit out of care."

Given that we have known all this for a long time, and it has been backed up by more recent evidence, it is all the more surprising and disappointing that the Feeley Report on social care and the Scottish Government proposals for the national care service have failed to remove for-profit providers from the delivery of care to our most vulnerable in Scotland.

We have all welcomed the delay to the National Care Service bill. Let's hope it gives the SNP government and its new leader, time to see sense.

Vince Mills reviews the prospects of progressive change with Humza Yousaf

It was narrow, but Humza Yousaf won the contest for the leadership of the SNP by 52.1percent to Kate Forbes 47.9 percent in the final ballot, with Ash Regan eliminated in the first round with 11.1 percent of first preference votes.

In a tumultuous campaign where the SNP, having already lost their leader Nicola Sturgeon and deputy leader John Swinney, then, in fractious circumstances also lost the chief executive, the chief spin doctor and the chief advisor in a row over transparency, or rather, the lack of it.

Two key issues

Despite the distractions perhaps there were two key issues of interest to the Labour and Trade Union movement. They are, first, the STUC's proposals for a radical approach to taxation and, second, the wider question of the economic priorities of the leadership contenders.

The STUC's *Scotland Demands Better: Fairer taxes for a fairer future* provides a radical solution to fixing Scotland's public services within existing powers of the Scottish Parliament. The report argues for higher and more redistributive taxes and for a shift in both tax rates and the tax base in order to support those services.

Faced with questions on how they would respond to this at SNP's Trade Union Group hustings, candidates tended to focus on aspects of the report they favoured. Kate Forbes, for example was enthusiastic about the sums of money that could be raised by reducing tax evasion. Ash Regan focused on Land Tax and council tax reform.

Progressive taxation

Humza Yousaf supported the need for land evaluation, necessary for the implementation of a land tax, and for the ability of Local Councils to raise council tax on second homes. His main commitment, however, was to progressive taxation, although he was not specific on the timetable or the nature of the reforms he wanted, preferring to say that such changes should be explored.

Given that the whole point of the STUC's report is that these measures are introduced as a package in order to raise the sums of money necessary to attack poor pay in public services, the commitment offered by Humza is far from water-tight.

Sustainable Growth Report

On the economy, the infamous *Sustainable Growth Commission* report of May 2018 was confined to the dustbin of history by all three candidates. That document concluded: "An independent Scotland would need tight public spending rules to bring the country's deficit down from around 6 percent in 2021-22 to below 3 percent over a period of 10 years."

All three candidates are instead now in favour of a *Wellbeing Economy*, which explicitly rejects Gross Domestic Product (GDP) as the principal measure for assessing an economy, in favour of measures which depend on "… a diverse array of ideas and actions aimed at advancing social well-being through governance structures that support peaceful co-existence and meet basic human needs."

. None of the candidates, including Humza, explained what this would mean in practice or the contradictions it creates with what the SNP's leaders currently say and have been saying for some time about the economic case for independence.

'A return to the European Union'

Humza has been at pains to argue, even in his acceptance speech, that the SNP "…want to return to the European Union." The now abandoned Growth Commission had set a target of bringing the deficit down below 3 percent over a period of 10 years because all EU member states are required to have a limit on government deficit of 3 percent of GDP and debt of 60 percent of GDP.

It is evident that Scotland would have great difficulty meeting a 3 percent deficit level without making savage reductions in its public spending. Scotland's deficit currently stands at 12.3 percent of GDP. In other words, for all the commitments that Humza made, membership of the EU would require a reduction in the very public expenditure necessary to bring about a "well-being" economy.

The Scottish Labour and Trade Union movement will now need to ensure that the new First Minister delivers on the promises that he has made.

Vince Mills is Joint Secretary of ROSE

The Tory Budget: impact in Scotland

The April budget was a typically Tory offering. It was full of promises about social justice and pump-priming economic recovery – but in fact did the reverse.

Its tax relief on pensions principally benefited the rich and very rich (those with over £100,000 did best). It promised £17 an extra billion more for defence to 2027-28. But it did nothing to cut energy costs or reduce inflation. Household energy costs will rise by £67 a month as support is phased out – but without any windfall taxes on the even bigger energy company profits that will result. Corporation tax is increased, a commitment made four years ago, but much of the cash handed back in a £27 billion investment give-away. Nursery fees will be paid for working parents in an effort to increase the numbers looking for work but with all the money going into the private sector.

In terms of the 'consequentials' for Scotland there is not much immediate money. The Fraser of Allander Institute estimates £67m for this year but more for next, 2024-25, in the run up to the general election: £252 million. So a typically Tory budget.

Poverty in Scotland

The Family Resource survey published earlier this year reveals that 4 percent of families in Scotland had recourse to food banks in the year to March 2022 (before the worst impact of food cost inflation) as against 3 percent in England and Wales and 2 percent in the North of Ireland.

Scottish government figures also show a deteriorating situation. The number of families in relative poverty went up by 90,000 in the year to March 2022 and included 250,000 children (1:4 of the total).

Drug deaths over the period since 2007 have increased from 415 in 2007 to 1300 in 2021.

Why we need a Third Option

Clydebank TUC believes that neither of the alternatives currently likely to be on offer in any Scottish referendum meet the needs of the people of Scotland.

The status quo certainly doesn't. But the prospect of independence within the EU doesn't appear to either. There is the first and obvious problem of the deficit limit – currently being reimposed by the EU Commission from 2024 onwards. It's just 3 percent. As pointed out elsewhere in this Bulletin, Scotland's deficit – that's the gap between public expenditure and public sector income (including after independence our oil tax income) - is over 6t percent.

Countries in excess of the 3 percent limit are required to undertake legally binding programmes for reducing deficits – which in the case of countries like Portugal, Greece and Spain, have involved selling off public industries and making crippling cuts to budgets for public health and pensions.

EU law – priority given to business rights

There is also, for trade unionists, another problem. This arises from EU law and the supremacy it gives to the 'right of establishment', that is the right of businesses to move freely within the EU (and the Free Trade Area) without detriment to their rights in their place of establishment. This has enabled, for instance, firms from Latvia to secure legal judgements enabling them to employ labour in Sweden at much lower wages that those bargained locally.

In Norway, which is within the EU Single Market, a shipping firm from Sweden was able to secure a court order enabling it to employ its own dock labour force – thereby nullifying Norway's entire dock labour scheme declared an illegal restriction of employer freedom.

There are indeed some positive aspects to EU law – guarantees on working hours, TUPE and some areas of health and safety (although Britain's 1974 Health and Safety Act is generally stronger than anything in the EU.

State aid and comprehensive public ownership

But overall the balance for workers would seem to be strongly negative – and particularly so in Scotland given its massive budget deficit and the restrictions which the EU places on state aid to industry, on comprehensive state ownership of public utilities and any systematic attempt to plan economies on the basis of public ownership.

This is why we think the Scottish trade union movement needs to think seriously about a third option.

This would involve a further transfer of tax powers and an increase in borrowing rights, both advocated in STUC policy reports, combined with powers to aid industry, through public ownership if necessary which is again advocated by many Scottish trade unions.

Concentration of income and power in the City of London

At the same time it is important to retain a strong, though democratised, parliament in Westminster if a redistribution of wealth is to be achieved and the concentration of income and financial power in the City of London addressed.

Gordon Brown's now official report to the Labour Party makes some of these points but it does not, as our Motion stresses, call for the systematic redistribution of income across the nations and regions of Britain – or even more important **socially,** from the very rich to working people.

This is why it is timely, indeed urgent, for the STUC to make its voice heard on this issue. In doing so it will provide a lead to trade unionists in the regions of England to make similar demands and build a wider movement in alliance with the Welsh Labour administration which is now beginning to develop somewhat similar policies for constitutional change.

Rab O'Donnell,
STUC delegate Clydebank Trades Union Council

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.

Our logo is based on Picasso's peace dove drawn in 1950 for the international gathering of the World Peace Council in Sheffield.

ROSE holds regular monthly meetings by zoom open to all those who support its objectives. It welcomes new members.

If you want to be involved, contact the joint secretary, Vince Mills
Email vpmills@outlook.com,

ROSE WEBSITE https://www.rose-scotland.org

This contains copies of briefings, podcasts and videos of meetings