Radical Options for Scotland and Europe

Briefing 58: May 2023

Scottish Trade Union Congress April 2023
General Council Statement on Amended Motion 111 (Third Option) as carried

The General Council welcomes the sentiment behind amended motion 111. We believe that workers, through their trade unions should be at the heart of the constitutional debate on Scotland's future and that on all constitutional scenarios, including a third option in a referendum, workers voices must be heard.
Without prejudice to whether or not independence would benefit working people, the General Council recognises the need for a general discussion on the need to secure constitutional change in the face of the immediate and deepening economic and social crisis.
The General Council notes the report of the Labour Party Commission on the Future of the United Kingdon and welcomes its call for:

- The replacement of the House of Lords by an elected Assembly of the Nations and Regions
- Constitutional status to be given to the Sewell Convention, and
- The Scottish Parliament to be accorded greater borrowing powers

The General Council also notes the Report's explicit constitutional requirement to rebalance the UK economy so that prosperity and investment can be spread more equally between different parts of the United Kingdom.
The General Council shares the concerns expressed in the motion that the document fails to make any explicit reference to the role of the public sector in rebalancing the economy and its apparent assumption that prosperity will be achieved in liaison with the private sector. This is despite all the evidence demonstrating that private, highly financialised ownership has been responsible for the lack of economic investment and de-industrialisation.
The General Council will make representations to the Labour Party to ensure that STUC policies on the role of the public sector, of renationalisation of basic services and utilities and the active role of trade unions, be adopted.
However, the STUC must put on record that while the STUC was not consulted on the Labour Party Commission document, a number of Labour affiliated trade unions were consulted. The General Council therefore asks for support for this statement in place of Amended Motion 111.

Post-tax profits of oil and gas companies operating in the North Sea

- BP profits for the first quarter of 2023 were $8.2 billion: for the year 2022 £28 billion
- Shell profits for the first quarter of 2023 were £9.6 billion; annual profits for 2022 were £68 billion
- Harbour Energy profits for the first quarter were £58 million [it operates almost exclusively in the UKCS where it is the biggest operator)
- The US firm ExxonMobile declared a $56 billion profit for 2022 world wide
- The US firm Chevron declared a $35 billion profit world wide.

  The entire UK budget for school education for the year 2022-2023 was £41 billion.

EU budget tightening threatens further major cuts in social welfare provision

EU finance ministers are currently finalising guidelines for deficit reduction that were temporarily abandoned during Covid, These are scheduled to be imposed in seven months time from January next year, 2024.

The draft adopted by EU finance ministers in Stockholm on 28 April proposes that over the following seven years deficit countries cut existing budgets by a minimum of 0.5 per cent a year and do so for the next seven years (with 4/7th of the reduction in the first four years). These reductions are to be imposed at the same time as financing the agreed *increases* in EU member spending on *defence* and *green transition*. Budgets for social expenditure are therefore likely to reduced significantly. In most cases defence expenditure will need to increase by 0.5 of GDP (in total) to meet agreed EU targets and green transition expenditure by a similar amount. Budgets for social expenditure are therefore likely to suffer a serious hit.

In terms of specific countries the *annual* deficit reduction (without taking account of the additional defence and climate expenditure) would need to be 3 percent for Greece, Spain 1.5 percent, France and Italy 1.3 percent and Belgium 1.2 percent. Under the EU's Stability Pact deficits must be no more that 3 percent of GDP and the national debt must not exceed 60 percent. By comparison, Scotland's current fiscal deficient is over 6 percent of GDP and its debt to GDP around 100 percent. This would require very significant budget cuts.

Since the Stockholm meeting Christian Lindner, the German finance minister, has stated that these provisions only partly meet his country's concerns about the EU's financial stability. He is calling for fixed targets of 1 per cent a year from all deficit countries.

Balance of power shifting in the EU Parliament

On 8 May the Social Democrats ('Socialists and Democrats') group announced it was ending its parliamentary alliance with the Conservative group in the EU parliament in light of the Conservative's collaboration far-right and fascist parties. The Socialists and Democrats have 140 seats. The EPP has 186 – which combined with the far right ENF 54 and EFD 58 gives the Right 298. The Liberals (ALDE) have 68 and the Greens 52.

Legislation currently pending in the Westminster parliament

This includes:
The *Bill of Rights Bill* currently at Second Reading stage which ends the legal force of the European Convention on Human Rights (non-EU): Second Reading
The *Finance Services and Markets Bill* which further loosens regulation on the City of London: report stage House of Lords
The Procurement Bill which replaces EU legislation and largely centralises control in the hands of Westminster (Report Stage)
Two Bills significantly curtailing the right to strike: *Strikes (Minimum Service Level) Bill* (House of Lord Third Reading) and *Transport Strikes (Minimum Service Level) Bill* (House of Commons Second Reading)