

# Radical Options for Scotland and Europe

For public ownership and democratic control

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**This Bulletin will principally focus on the likely impact of new US policies on a weakening British economy (and a still weaker Scottish economy) and its implications for relations with the EU. Symptomatic of the crisis in Scotland is the Scottish government's abandonment of the National Care Service legislation.** This would seem to be a consequence of a) reliance on private sector corporates b) the resulting inability of the Scottish government to gather reliable demand and costing information c) the impact of UK National Insurance changes and d) a rising level of trade union and community opposition to the private sector model plus, finally, e) a wider context of Scottish government uncertainty on budgets and its continuing lack of information from London on what compensation it will receive (if any) from the differing impact of NI changes for Scotland's bigger, and slightly better paid, public sector workforce – a reflection, in turn, of the financial challenges facing the Treasury in London.

### Decline of Britain's Industrial Base

EU Industrial Investment Scoreboard (published December 2024): 2023 compared with 2013

Companies in top ranking for industrial investment

	2013	2023
United States	668	681
China	119	524
UK	118	70

Britain's investment is also narrowly focused:

Health care 50 percent (globally 20 percent)

Finance 20 percent (3 percent globally)

Industrials 4 percent (20 percent globally)

### Crisis of Reeves's economic policies

The budget promise of £30 billion for investment and development is being rapidly eroded as commercial borrowing rates rise for servicing government debt (now over 100 percent GDP) and as job losses, as at end January, increase at the highest rate since 2009. Reeves's only response so far has been a) to reduce the level of public scrutiny of business (Competition and Markets Authority, Financial Ombudsman Service and Financial Conduct Authority all threatened) b) planning further cuts to social welfare: Personal Independence Payments.

### Trump, Britain and the EU: World Economic Conference at Davos exposes confusion

December saw some British policymakers and commentators raise prospects of a closer relationship with the EU in face of Trump's election and the tightening of US protectionist policies. NI Secretary Benn mentioned the new agreements for NI trade as a possible model for Britain as a whole; Mark Leonard (European Council on Foreign Relations 'Cross Channel Reset') noted a shift of British public opinion in favour of the EU: Trump's aggressive policies alienated voters and Labour could move without losing working class Red Wall voters. This was reciprocated by comments by some policy makers in Europe. The EU Trade Commissioner Maros Sefcovic said the EU would consider a Pan European Customs Area covering supply chains of a complex character including Britain. A paper from the Jacques Delors Centre (19 December) called for the EU to bolster its negotiating position with the US by developing autonomous European defence and energy provision and a 'structural diversification' of trade relationships'. The Bruegel Institute (14 December) 'The US

defence industry can no longer reliably supply Europe' attacked overpricing, late delivery and poor quality of US arms and called for a step change in EU arms production.

These conflicts were played out at Davos. The new NATO general secretary, ex-Netherlands PM and EU commissioner, Mark Rutte, made an aggressive call on 23 January for full European rearmament with 5 percent GDP defence expenditure in face of an existential threat from Russia, China, Iran and North Korea and therefore the need to continue to wage the war in Ukraine until full victory had been secured and Ukraine admitted to NATO. The US spokesperson, Richard Grenell, Trump's special envoy, directly opposed NATO entry for Ukraine and spoke of the need for immediate talks with Russia to secure a negotiated settlement – with, if necessary, the use of economic sanctions to secure this.

Britain has failed to support EU spokespersons over the past month as the clash over US defence imports deepens – but without necessarily supporting the US as it awaits an invitation to Washington at leadership level. Trump's reassertion of the US claim to Greenland is likely to intensify tensions within NATO and create further challenges for Labour's international alignment.

### **Labour's plans for 'local democracy' in England will have implications for Scotland** [English Devolution White Paper](#)

Local authorities in England have faced an intensifying financial crisis over the past decade. Central government funding has been cut back from 40 percent of the total in 2010 to just 20 percent by 2024. A number of local authorities have faced bankruptcy or come near to it.

This January fourteen English County Councils postponed their May elections in light of the English Devolution White Paper published in December. Subsequent legislation, scheduled for this parliamentary session, is likely to propose their ultimate replacement, after a series of qualifying stages, by mayoral authorities administering significantly larger areas. These Mayors, the White Paper proposes, will be elected – building, it seems, on the Tory model of Michael Gove, though, it is claimed, with greater autonomy. They will ultimately take over all local government functions. There will, it seems be, no elected bodies below them.

While the new White Paper does make additional proposals for very big overarching Regions, these will not be elected but, it seems, bring together Mayors and service representatives. These Regions will, in turn, ultimately form, along with the Scottish Parliament and Welsh Senedd, a further consultative council that will also engage with Whitehall. The White Paper contains little or no detail on the electoral process for the new Mayoral authorities and their councillors. The White Paper also suggests, rather vaguely, that at very local level communities should have powers to own and run community assets.

There is a pronounced emphasis throughout on partnership with the private sector in regional regeneration. The new authorities would seemingly have the responsibility for steering the government's projects for housing, skills and tertiary education, transport to ensure a better infrastructure is created for business development.

Unlike Gordon Brown's proposals the new super regions will not, it seems, be electoral and simply consultative bodies. A further UK Council will also be consultative.

### **IMF: Latest estimates of growth in 2025**

US	2.7
EU	1.0
Germany	0.3
France	0.6
UK	1.6
China	4.6

