

## TRIDENT & INDEPENDENCE

For some peace activists the prospect of a nuclear-free Scotland would be reason enough to vote for independence. But following a vote for independence a Salmond-led government would be involved in complex and difficult negotiations with the UK government over how to divide up the UK national debt, oil and gas revenues and other joint assets and liabilities. It is unlikely that Scotland's income will match its public spending commitments.



Finding a new site for Trident will be nigh on impossible for the UK government. Even if a site were found, new bases would be prohibitively expensive and would take at least 10 years to build. Under these circumstances MoD spokesmen have said that ministers would be likely to offer the Scottish government 'whatever it takes' to continue to base Trident at Faslane and Coulport for the next few years. The Trident bases, instead of being a drain on the Scottish economy, would become a crucial asset which could be milked for cash to support Scotland's struggling economy at a difficult time for the new government.

Scotland would also have to negotiate its own membership of the EU which is committed by treaty to military interoperability with NATO. The pressures from the US and UK governments to delay the removal of Trident would be immense. More to the point, 'waiting for independence' diverts the movement from the immediate campaign to change policy now in face of a weak and divided Tory/Lib Dem coalition. Thus, independence is no magic bullet for a nuclear-free Scotland and could be a dangerous diversion.

This folder is published by the **Red Paper Collective** which includes the following contributors: Dave Watson, John Slaven, Richard Leonard, Jackson Cullinane, Neil Findlay MSP, Vince Mills, John Foster, Pauline Bryan, Alan Mackinnon, Tommy Kane, Tom Morrison, Jennifer McCarey, Stephen Smellie.

## A LEFT ALTERNATIVE

The aims of redistribution at a UK level and having devolved governments are not incompatible, but there are tensions in seeking to increase the economic powers of the Scottish Parliament on the one hand and have a UK parliament that can re-distribute wealth across all the nations and regions. Our proposals therefore seek to balance these two legitimate sources of democratic pressure by enhancing economic and political democracy across the UK and Scotland.

This would be built on:

- support for full national parliaments and, for England, devolved institutions as democratically determined by people in England together with an overall federal parliament that would have charge of the monetary system, macro-economic policy, foreign affairs and defence
- the Barnett formula, or some form of needs-based redistribution
- the principle of raising income tax based on an adjustment to the block grant in order to allow the Scottish Parliament more flexibility to create a fair tax system both nationally and locally that improves public services and the pay and conditions of public servants
- the capacity to borrow for capital and revenue purposes well beyond the limits set out in the Scotland Bill to allow the Scottish Parliament to end its dependence on Public Private Partnership/Private Finance Initiative (PPP/PFI) and Non-Profit Distributing (NPD) projects
- the demand of the 'Claim of Right', that the Scottish Parliament should have powers to take land, property and enterprises into public control and ownership without qualification
- the power of the Scottish parliament to form enterprises that are publicly owned with a view to rebuilding Scotland's industrial base on green technology, renewable, and high value manufacturing thereby addressing unemployment black spots and creating a prosperous future for the people, especially the young people, of Scotland.

These measures would require a challenge to EU law and changes in UK Company law. However, with political will and a united Labour Movement this kind of devolved settlement is achievable and is what the left should be fighting for.



# POWER *for* SCOTLAND'S PEOPLE

## A labour movement view

So far the 'Independence' debate has been a sterile argument between unionists and nationalists. Would independence impoverish Scotland and turn it into another Greece or Portugal on the periphery of Europe? Or would it make us a land of prosperity - a new Norway?

More importantly, for trade unionists and socialists, the debate so far misses the crucial dimensions of class politics and the redistribution of income and wealth. What constitutional settlement would best allow the people of Scotland to break the power of big business and neo-liberal policies and promote social and economic justice? And, as this folder argues, this has to be done in large part at British level because that is where the capital which controls Scotland's economy is concentrated.

The STUC has played a leading role in the campaign for Home Rule and a Scottish Parliament since the 1930s. But it was always for a parliament with the powers to tackle the deep rooted challenges facing working people - poverty, poor housing, inadequate public services, unemployment and industrial closures. In other words, working people in Scotland needed a parliament to represent them which could work in unity with working people elsewhere in Britain to defend and advance their

interests. Such a parliament is now more needed than ever.

Under this scheme, Scotland's parliament could be part of a federal structure in which England, or the regions within it, could have some measure of self government while a federal government in London would have responsibility for the currency, corporate tax rates and a portion of income tax. A crucial component of this would be to maintain the principle of redistribution of income from the wealthy south-east and City of London (currently the Barnett formula) to poorer areas like Scotland. The Scottish Parliament, for its part, should have the power to take over failing companies, to hold key industries and utilities in public ownership and to invest in selected strategic industries such as renewable energy and life sciences through the public sector.

By contrast, 'independence' or 'full fiscal autonomy' would break the unity of workers and trade unionists across Britain. SNP policy is to lower taxes on corporate profits to attract business away from other parts of Britain. 'Independence in Europe' would deprive Scottish people of the very powers they would need to intervene in industry or borrow for strategic investment. Both would be in breach of EU competition law or the new EU 'stability pact'. Moreover, 'independence' and 'full fiscal autonomy' would both dispense with the crucial principle of redistribution of income at UK level.

An 'independent' or 'devo-max' Scotland, without a high level of unity and working class mobilisation, would become a low tax, low wage economy which would struggle to maintain public spending and jobs at current levels. Only a Scottish Parliament with increased powers of intervention in the economy, which retained the principle of redistribution at British level, would promote the unity of trade unionists and working people throughout Britain. This would create the optimum conditions for democratic advance and socialism in Scotland and across Britain.



## OPTIONS FOR SCOTLAND

### HOW BEST TO REDISTRIBUTE WEALTH?

The referendum has dominated the media's coverage of Scotland, sometimes to the detriment of more pressing issues, such as the impact of cuts and the attack on pensions throughout the UK. Not surprisingly Alex Salmond and the SNP have tried to restrict the discussion to Independence v the Union. Even the "third option" Devo-Max has been shaped by the SNP. Introduced more recently is Devo-Plus and we now know the proposals that will form the Scotland Bill. None of these options prioritise the redistribution of wealth, greater equality or democratic control of the economy.

### THE SCOTLAND BILL

The recent Scotland Bill for example is extremely limited. More borrowing powers are proposed. These could allow the Scottish Parliament to invest in capital projects, therefore stimulating the economy, but only to a limited extent. Any additional borrowing would have to be paid back and if the investments do not generate sufficient tax receipts then this could impact significantly on future Scottish spending. The Scotland Bill, it could be argued, was developed as a response to growing SNP influence rather than a vehicle for tackling the structural inequality of Scotland today. Its strength is that it retains the principle of UK wide redistribution embodied in the Barnett formula.

### DEVO-PLUS

Reform Scotland, a Market orientated Think Tank, argues Devo-Plus would see Scotland take responsibility for all taxation except VAT and National Insurance, and for its own spending. The motivation is to constrain the Scottish government and remove the redistributive element of the Barnett formula which takes cash from wealthier areas of the UK to those less so. Reform Scotland's image of Scotland under Devo-Plus is a low tax and deregulated economy with reduced public spending.



### DEVO-MAX

Like Devo Plus this requires Scotland to have full fiscal autonomy preventing any UK wide redistribution. It ignores the fact that much of Scotland's wealth, as we will show later, is not actually controlled from here and will escape any attempt to redistribute it from company profits to individual needs.

### INDEPENDENCE

The SNP's model is for independence within the EU. The EU from its inception was designed to legally underpin, sustain, protect and develop capitalism in Europe. Huge swathes of legislation in Scotland and the UK are influenced by, or are a direct consequence of, European Directives. Scotland, if independent of the UK, would not be independent of the EU. Neither would Scotland be free from the neo-liberal globalised world of which the EU is an integral part. Scotland would still be at the mercy of transnational corporations, thus raising the fundamental point that political self-determination without economic self-determination is ultimately futile. Indeed an independent Scotland would see its ability to fight back against corporate power fatally weakened.

## THE REALITIES OF POWER TODAY

### BIG BUSINESS POWER IN SCOTLAND

Each of the proposals listed has to be judged against the back drop of 'who owns Scotland?' Over the last four decades there has been a continuing drift of economic power out of Scotland with 82.5% of large corporations externally owned.

Privatisation, as well as taking much of the economy out of democratic control, has also stripped away any semblance of meaningful regional control. To take just one example the South of Scotland Electricity Board turned first into Scottish Power and Scottish Nuclear (later British Energy) before being taken over by the Spanish and French transnational corporations Iberdrola and the EDF Group respectively.

With a few exceptions, all the biggest employers in Scotland are either UK-owned and controlled, quoted on the London Stock Exchange or highly dependent on the whole UK market of 60 million, compared to the Scottish market of just 5 million for the sale of their goods and services. Indeed the Scottish Government's most recent data shows that Scotland exports almost twice as much to the rest of the UK (£34 billion) as it does to the whole of the rest of the world put together (£19 billion).

Nowhere is this state of economic and industrial integration more apparent than in the financial services sector. The 2008 collapse of Scotland's biggest two banks RBS and HBoS and the takeover of their loan books by the UK Government and Lloyds has brought into sharp relief the branch plant nature of these leviathans of Scottish life.



*Sir Brian Soutar - ultimately depends on City of London banks*

It is clear that even the big business figures operating within the SNP's own orbit like Sir George Mathewson, Sir Brian Souter, Sir Tom Farmer, Sir Angus Grossart, Peter de Vink, and Martin Gilbert are all ultimately dependent for their business success on external institutions, not least the investment banking networks which operate from the City of London. This is where much power lies now, and where it will remain irrespective of any future referendum vote for a separate Scottish state.

It is misleading to claim that "independence" as projected by the SNP and others in the pro-independence camp would amount to a break up of the British State and allow Scotland to follow a different economic path. The fact is that Scotland is in a highly advanced state of economic and monetary union with the rest of the UK.

Independence on these terms would simply mean abandoning any democratic avenue by which working people in Scotland, jointly with those in England and Wales, could seek to impose socially-accountable control. Corporate power is organised at British level. It would remain so. SNP independence would thereby place Scotland's economic and monetary policy, the great bulk of its production and its biggest market beyond its democratic influence.



## PROMOTING PEOPLE'S POWER

### ECONOMIC DEVELOPMENT AND SCOTLAND AS A NATION

The question is: would independence on SNP terms in any way free Scotland's people to meet the crucial challenges of economic and social development in a progressive way?

The SNP Left believe it would, and they do so by combining two arguments. One: people in Scotland are more social democratic and egalitarian than people in England. Two: in the era of globalisation small nations provide the best vehicles for economic development. An independent Scotland would, therefore, be both politically more progressive and economically more dynamic.

Neither argument is entirely wrong, until you put them in the context of the SNP's model of independence. Firstly they take little account of what made people in Scotland progressive and egalitarian and how this can be maintained. Secondly they don't acknowledge that, as shown above, there is little opportunity for economic independence within the limits set by the SNP. More fundamentally, especially given that they claim to be on the Left, their arguments ignore issues of class and class power.

Every nation has its history. Unlike Ireland, Scotland was not a colony. Its capitalist landlords, merchant princes and employers continued to use the separate Scottish systems of law, religion and education to exploit their own people. The object of the Union with England was to secure a share of the profits of colonial empire. As a class, they continued to dominate Scotland's economy and its politics and still do today, though more indirectly, through the hedge funds and financial institutions of the City of London and its satellite centre in Edinburgh. An independent Scotland may not be a new Greece, but neither can it be a new Norway.

Scotland's workers developed trade unions in their own defence - generally in combination with workers in England. Yet the periods of general working class mobilisation, have been relatively short-lived, and their transforming impact on political attitudes only occurred when struggles against Scottish employers merged with wider British struggles - and brought the trade union movement into collision with the class power of the employers at British level. In the 1970s it was the joint victories of the miners, London dockers and UCS shipbuilders that together, and only together, defeated the Conservative assault.

Today's egalitarian values, as held up by the Left nationalists, are a reflection of these struggles. But they are not permanent or guaranteed. 'Independence in Europe' would mask the exercise of economic power at British level. Worse, it would trap people's political horizons within the neo-liberal terms set by Edinburgh fund managers: growth by cutting taxes on external big business. It is the direct opposite of the 1970s battle for economic democracy which launched the demand for a Scottish parliament. If working people in Scotland are to be mobilised for a future based on social control over capital, rather than being controlled by capital, then the demand for economic democracy must be re-launched.

