Blair brings yet another businessman into government

Behind the appointment of Gus Macdonald to the Scottish Office

Steve James
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The British government recently appointed Gus Macdonald as the new Minister for Business and Industry at the Scottish Office. Macdonald, a leading Scottish media and business figure, is not an elected Member of Parliament and had not been a member of the Labour Party for 20 years. Blair elevated Macdonald to the House of Lords in record time to facilitate his entry into government. His appointment is motivated by growing concern within the Labour government at the rapid growth in support for the Scottish National Party (SNP).

A string of recent by-elections and opinion polls have positioned the SNP as the dominant party in Scotland. If these results were repeated in elections to the new Scottish Parliament next May, the SNP could return more members than Labour. One poll for the *Glasgow Herald* suggested that under proportional representation, the SNP would have 56 seats to the Labour Party's 46, 15 for the Liberal Democrats and 12 for the Tories. This would make the SNP the largest party, in a position to form a coalition government with either Labour or the Liberal Democrats.

The SNP has won growing support amongst workers disillusioned by Labour's right wing policies and identity as the 'party of government in Scotland'. Throughout the 1980s Labour controlled Scotland's main cities and towns, implementing all of the Tories spending cuts as well as the hated poll tax. The SNP capitalise on this discontent by pledging social reforms, while courting business with promises that Scottish independence will mean lower business taxes and other investment opportunities.

Macdonald was chosen as Labour's Scottish Industry Minister in the hope that his media contacts and intimate relations with business and the trade unions will be valuable weapons in beating off the SNP challenge.

A multi-millionaire, he was, until recently, head of the Scottish Media Group, which owns Scottish Television, Grampian Television and two newspapers including the *Glasgow Herald*.

In the early 1960s, while working in Glasgow's Clyde shipyards, Macdonald was briefly associated with the Labour Party Young Socialists in the working class area of the Gorbals. After a short excursion in radical politics as a member of the International Socialist group, he became a leading figure in the centre-left Tribune group and a close friend of Neil Kinnock, elected Labour Party leader in 1983.

Macdonald later secured a plum job as presenter on the TV current affairs programme, 'World in Action'. By the late 1970s, he moved out of the Labour Party's orbit and embraced the free-market strategy of Thatcherism. He attended seminars organised by Thatcher's main advisor Sir Keith Joseph and was heavily influenced by the right wing American Enterprise Institute.

As head of the Scottish Media Group, Macdonald sacked many professional workers and increased the group's market capitalisation from £50 million to £500 million. He secured the Independent Television franchise in Scotland with an unopposed bid of just £2,000.

He recently explained his attitude to those he sacked to the *Observer* newspaper: 'It was hard to take these well paid and privileged folks seriously... They used the defensive mechanisms of the industrial working class for all sorts of petty resentments.'

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In preparation for entering government, Macdonald will sell his shares in the Scottish Media Group, giving him about £770,000 on top of the £726,600 he made from selling shares in 1996. In addition, last year he earned £307,000 and the year before £227,000.

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