

Scottish Parliament hit by lobbying scandal

Steve James
6 October 1999

Scottish politics have been convulsed by a row over a lobbying company's access to ministers in the newly devolved parliament.

The *Observer* newspaper, whose investigation exposed the scandal, has likened it to the row that blew up around Labour Party aide Derek Draper some months ago, and redolent of the "sleaze" allegations that dogged the previous Tory administration, which contributed to their 1997 electoral collapse.

Scotland's "lobbygate" has undermined the democratic illusions built up around the new parliament and exposed the sordid reality of the Blair Labour government's Private Finance Initiative (PFI) scheme.

On August 31, in the Balmoral Hotel in Edinburgh, Ben Laurance from the *Observer* newspaper posed as a representative of principally American investors during discussions with Kevin Reid and Alex Barr of the public relations firm Beattie Media. Reid is the 24-year-old son of John Reid, Scotland's Secretary of State. The *Observer's* investigation followed rumours that lobbying companies were increasingly targeting the Scottish executive, touting for business.

Laurance told the pair that his clients were interested in "PFI stuff over here." PFI is a means through which private capital is invested in services, such as education and healthcare. Begun by the Conservatives but dramatically expanded by Blair's Labour government, it has been promoted as the saviour of public services. In reality it represents privatisation via the back door. Under the initiative, improvements, refurbishment, or the new construction of hospitals, roads, prisons, schools, sewage and water treatment plants can be undertaken only if they can show a long-term profit to venture capitalists. Those unable to do so are ditched, or completely distorted.

The *Observer's* bogus businessman was looking at Scotland, Laurence continued, because it has been a major area of PFI and "calculations suggest the sort of

returns for PFI projects in Scotland are giving their investors above what they are south of the border [in England]." His clients were aware that the initiative was "politically sensitive" and required a consultancy firm that would help them navigate Scottish politics and facilitate discussions with those political leaders whose approval would be essential for any project.

Invited to present their "USP" (unique selling point) for this role, Barr noted Reid's parentage and boasted of his company's relationship with Jack McConnell, ex-general secretary of the Labour Party in Scotland and current Scottish government finance minister. Although no longer officially on their payroll, McConnell was recently head of Beattie's public affairs consultancy and his personal assistant was formerly employed by Beattie. Reid was previously head of the Labour Party's Scottish monitoring and research department. Several other leading politicians and their offspring have close relations with Beattie. Their corporate clients have included West of Scotland Water, Scottish Enterprise and local investment agencies.

Referring to the latter, the Beattie men explained that "we work for them all full-time, so we've got our finger on the pulse of what's happening in business and in construction. Major capital projects don't tend to happen especially within these areas without us knowing about it."

They made clear that the entire Scottish government is accessible to any company with money to invest: "First of all, it's been set up so there shouldn't be a problem with meeting ministers, executive members."

Reid boasted of his contacts: "I worked for Jack [McConnell] and for Wendy [Alexander—minister for communities] and for Henry [McCleish—Enterprise Minister] and for Donald [Dewar—First Minister] on a one-to-one basis. I worked with the Labour Party media monitoring in the press team and I briefed them every night."

Whilst Reid said that he couldn't promise access to people, he went on to explain how informal contacts could be arranged. He cited a meeting with Sports Minister Sam Galbraith in the Rangers football club directors' box over a youth centre contract, and indicated that some recent contracts involving freight transport from Prestwick Airport and tourism around Loch Lomond had been arranged in a similar way.

Whilst such scandals are by no means new, this latest one has thrown the Labour Party in Scotland into crisis. It broke just after its near defeat in the Hamilton by-election. John Reid and Donald Dewar reportedly came close to blows at the Labour Party conference over their differing responses to the scandal. Dewar had called for a full enquiry, while Reid dismissed the revelations as a storm in a teacup. The press has speculated that the spat involves broader rivalries between the two men.

Prime Minister Tony Blair has dispatched a team north to investigate the whole business and Beattie Media has closed down their public affairs wing. The Scottish Parliament's Standards Committee is meeting to discuss the case. The body had originally intended to hold the hearing in camera, but were forced to make them public after the *Scotsman* newspaper took the Parliament to court for breaching its promise for "transparency" and "open" government.

None of the outrage around the scandal is motivated by opposition to PFI. Despite the social implications of even greater sectors of Britain's public services being geared towards profit, the initiative has never been mentioned outside the initial *Observer* article. Alarm has focussed on the implications of the new parliament being seen as the tool of an extremely narrow clique of contract-swinging politicians. This contradicts the image of Scottish devolution as the "rebirth of democracy".

Writing in the *Scotsman*, editor Alan Ruddock complained, "The objective has always been to establish that openness and transparency are the first principles of Scottish democracy. It is not enough for MSPs to assert that on this occasion they will allow their affairs to be scrutinised. The public's right to know should not be in the gift of politicians." Leading Scottish National Party member George Kerevan commented, "The incestuous links between politicians, lobbyists—and journalists—means phone calls are returned. Cases are put to the right people. After all, in

backward Scotland, trading influence is currency. Some day a politician might need a job or pertinent information or a message passed to the right ear."

The latest row is not an aberration, however. Labour's programme of devolved government is aimed at enabling the greater exploitation of Britain's regions and their workforces by the transnational corporations and global money markets. The Scottish parliament was meant to facilitate these relations by establishing closer, direct links between local politicians and big business. Reid and Barr were simply acting on that mandate.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact