

# Scotland's first minister resigns

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On November 9, Henry McLeish resigned as First Minister in the Scottish parliament. The surprise resignation, over a relatively minor tax and property scandal, again exposes the instability of the new devolved institutions. It poses the Labour Party with the task of finding a credible political leader to head the Edinburgh legislature, for the third time in as many years. Similar problems have beset all the devolved bodies, with the Welsh Assembly now being run by Rhodri Morgan, the third incumbent to occupy the First Minister's post in Cardiff.

McLeish came to office following the death last year of Donald Dewar, who had previously been the Scottish Secretary in Tony Blair's Westminster government and was the leading Labour Party member most associated with devolution. Dewar's funeral was made a state occasion, with sombre farewells proclaimed for the "father of the [Scottish] nation".

His death meant finding a replacement with a comparable level of political experience in navigating the Byzantine internal factions of the ruling Scottish Labour Party and its relations with Labour in Westminster. McLeish, a long-time Fife local councillor, Westminster MP, associate of Chancellor Gordon Brown and a member of the Scottish parliament (MSP), eventually beat off ex-Scottish Labour Party General Secretary Jack McConnell by a narrow margin.

McConnell had been implicated in the so-called "lobbygate" scandal, which had exposed how PR firms traded access to leading Labour politicians for companies interested in obtaining lucrative service contracts. In contrast, McLeish was thought to be a "safe pair of hands." Little more than a year later, however, McLeish is leaving office a broken man—and perhaps facing prosecution—driven out by allegations of petty fraud and tax dodging. The favourite to replace him is the self-same Jack McConnell, currently Scottish

Education Minister.

Soon after McLeish took office, stories began to appear of irregularities over his constituency office expenses in the Fife town of Glenrothes. A local builder engaged in a property dispute with the law firm of Digby Brown had turned to McLeish for support. He noticed that Digby Brown used the same offices as McLeish. The law firm also contributed to Labour Party funds. It emerged that when McLeish was an MP in Westminster he had claimed parliamentary expenses for his Glenrothes constituency office, while renting out the same office space to local companies and charities. The sums involved were relatively small, with the highest figure cited as £40,000.

McLeish famously described his predicament as a "muddle not a fiddle"; saying the whole affair was a result of mistakes, not deliberate fraud. However, the close scrutiny McLeish was subjected to threatened to attract scrutiny to the numerous comparable relations established by the Labour Party in its decades of local government rule in Scotland, exposing the complex network of political, media and business connections that constitute its active membership. This also threatened to further discredit the Scottish Parliament and its ruling Executive, who face elections in 2003.

Rupert Murdoch's *Scottish Sun*, which supports Labour, demanded, "Kick Him Out of Office". Its main concern was that McLeish's behaviour threatened to undermine devolution. "If the No 1 citizen can't resist letting public money slip into his till, what lead is that for the rest of us? Before, during and after devolution, strident voices were raised that Scotland would make a hash of its first real power since 1707."

Significantly, however, the media pressure did not stop when McLeish departed but was immediately directed at one of his possible successors. The *Scotsman* ran a story pointing to a series of cash donations to local Labour funds closely related to

property development, BSE carcass disposal, and advertising contracts. Another piece noted that thorough investigation of the network of Glenrothes relations could quickly involve Gordon Brown, whose constituency of Dunfermline East bordered on Glenrothes, and whose close ally, the Paisley MP Douglas Alexander, used to work for Digby Brown. Alexander's sister, Wendy, is currently the Scottish Enterprise Minister and was a likely contender to replace McLeish.

Writing in the *Glasgow Herald*, economics columnist Alf Young noted "The fact that our departing first minister saw nothing wrong about leasing part of his constituency office to private law firms who were also contributing directly to Labour Party funds while also claiming full Westminster allowances for these same offices is symptomatic of a cosy intimacy between Labour and some parts of British business that should disturb anyone who cares about the capacity of such patronage to distort and even corrupt rational judgment." Young also concluded with a call for Gordon Brown to keep out of Scottish politics and not throw his weight behind Wendy Alexander, who subsequently decided "for personal reasons" not to stand for the post of first minister.

The press immediately went for McConnell, with rumours of an extramarital affair and a promise by the pro-Labour *Daily Record* to scour the background of every candidate for scandal. On September 13, McConnell and his wife Bridget appeared at a press conference, where he admitted to having an affair. Having thus made his public confession, he was confirmed as Labour's only candidate, and now seems set to be installed as first minister next week.

Growing concerns over the future of the Scottish economy underlie the factional divisions inside the Labour Party and fuelled the ferocious media attacks on McLeish and the scarcely veiled threats against Gordon Brown.

The Scottish Parliament was created in 1999, but the flow of international investment the Edinburgh legislature was supposed to attract has all but dried up. In the last months, under the impact of world recession, thousands of jobs have been cut in the large electronics companies that form the backbone of the Scottish economy. Corporate efforts to defend profit margins under conditions of a global overproduction crisis in

the hi-tech industries have led companies such as Compaq, Hewlett Packard, and Motorola to lay off thousands of workers in their Scottish factories, with more job cuts announced in the immediate aftermath of the September 11 terror attacks. This week, British Petroleum announced up to 1,000 job losses at the giant Grangemouth refinery near Edinburgh.

The fear in ruling circles in Scotland is that the old-style Labour-mafia, which controlled Scotland's major urban councils years before devolution and built-up its network of connections and the accompanying petty graft and corruption, will prove incapable of managing the social tensions caused by a sudden increase in unemployment. Hence the decision to promote McConnell once again, who was always Blair's favourite, and is seen as being more capable of pushing through the large-scale private finance schemes and reorganisation of state spending that big business is demanding.



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