

Trump, Alex Salmond and the Scottish National Party's scramble for investment

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Scotland's First Minister Alex Salmond's intervention in support of US billionaire Donald Trump's proposed golf and leisure resort is a rich illustration of the Scottish National Party's pro-big business agenda.

Trump, estimated to be worth around \$3 billion, with a string of business and leisure properties around the world, recently became interested in expanding his portfolio into golf. One of a number of sites that attracted his attention was in Aberdeenshire, partly in Salmond's Gordon constituency.

Trump felt that a 10-storey Gothic hotel and two golf courses should be the centrepiece of a £1 billion development plan involving up to 500 houses, 950 holiday homes, 36 golf villas, a conference and spa centre and a "Trump Boulevard." The site, an unspoilt area of coastline, includes a designated site of special scientific interest, sand dunes and a unique eco-system hosting a number of rare plant species.

Trump's plans, despite considerable support from the Scottish executive, were thrown out by the infrastructure services committee of Aberdeenshire Council, the local authority, following a campaign by environmentalists and local residents. In response, Trump threatened to take his project elsewhere, perhaps Northern Ireland. Take it or leave it, Trump said to Aberdeen.

Galvanised, Salmond made clear that he intended to overturn the decision as soon as possible. Trump met with Salmond at an Aberdeen hotel, whereupon an obscure corner of a 1997 planning act was invoked to remove the final decision from the local authority. The decision has now been placed firmly with John Swinney, Salmond's finance minister.

Salmond and the SNP, in clearing the way for Trump's elite golf retreat, are sending an unmistakable signal of welcome to international capital. It represents a pledge that all obstacles will be eliminated in order to make Scotland a suitable location for the expansion of profit.

No one observing the SNP government will be surprised. Elected in the May 3, 2007 elections to the Scottish parliament, the first SNP administration in the party's 73-year history has set about quietly renegeing on its various social pledges while adhering to those it made to business. At the same time, it has utilised every opportunity to extend Scottish parliamentary and government powers, and promote Scottish nationalism.

Between the inauguration of devolution in 1999 and 2007, the Labour-run Scottish administration based in Edinburgh had been referred to as the Scottish executive. The name indicated the Holyrood parliament's subordinate regional status, with Westminster retaining powers over UK-wide issues of defence, foreign policy, social security and tax. The SNP re-branded the executive as the Scottish Government and insisted that the Scottish flag replace the Union Jack on public buildings.

Indicative of the new political realities in Edinburgh was the fact that none of the other parties elected to Holyrood complained. Although the SNP advocate full independence for Scotland, which is opposed by Labour, the Conservatives and the Liberal Democrats, a remarkable degree of unanimity exists between all the parties for the rapid extension of the Scottish parliament's powers.

Labour in Scotland is backing "fiscal autonomy" for Scotland, an arrangement whereby all taxes collected in Scotland would be available to the Scottish parliament to spend. Tax rates for business could then be cut in line with investment demands without reference to Westminster.

The SNP legislative programme and budget are based on the same considerations. Legislation, announced in September, set out proposals to increase the annual economic growth rate, recruit more police, update the judiciary, freeze local taxes, and cut local taxes to business. The programme also initially proposed to

increase free school meals, re-organise graduate tax and abolish student debt.

Funding for this programme, however, is collected from Westminster—the figure being set according to an abstruse per capita funding formula devised in the 1970s, known as the Barnett formula. Inevitably, the 2007-2008 Barnett settlement became the source of bitter squabbles between the Brown Labour government in Westminster and Salmond's SNP.

This year, UK Chancellor Alistair Darling allocated the Scottish government £26.1 billion, a figure set to rise to around £30 billion in 2011. The Labour government claimed that this year's figure was a 1.8 percent increase, in real terms, on 2006-2007. The figure is allocated in line with UK-wide spending priorities, but it is for the devolved government to decide how it wants to split the spending between health, local authorities, police and other devolved responsibilities.

Salmond, claiming the real increase was only 1.4 percent, told the press that it was “dramatically different from anything that could possibly have been foreseen in the recent weeks or months.”

A hysterical exchange between the SNP, the Labour Party, and civil servants in the Scottish Office resulted, with all sides accusing each other of inflating or deflating figures. The political point of the dispute for the SNP was to re-enforce its claim that “Scotland” was being short-changed by Westminster. This served to divert attention from changes the SNP intended to make to its budget, and to advance the SNP case for more financial powers for the Scottish administration.

When the SNP budget was finally announced in mid-November, Finance Minister Swinney made clear that key elections on social issues would be abandoned, for which blame would be directed to London. In contrast, law-and-order pledges, tax and infrastructure proposals, essential to investment, would be largely upheld.

The SNP ditched its proposal to wipe out student debt, a proposal estimated to cost £1.8 billion—far more than the figure in dispute between the SNP and Labour.

Swinney also set public spending efficiency targets intended to save £1.6 billion by 2011. Up to 600 jobs are immediately imperilled. A commitment to reduce class sizes in primary schools was dropped, as was a proposed grant to new homebuyers. Health spending, although higher than the UK average, was effectively frozen. Expanding free school meal provision was kicked into the long grass. University funding was increased by much less than expected.

Through an agreement reached with local authorities, Swinney found a formula to freeze local authority tax, while reducing local business taxes to 150,000 small companies. Swinney adhered to promises to recruit more police, with funding allocated for another 500 police officers. More money will also be spent on prisons, while £7.3 billion is allocated to key transport infrastructure projects.

Commenting on the budget, Hamish McDonell of the *Scotsman* noted approvingly that the budget “effectively buried the image of the SNP as a left-wing, tax-and-spend party.”

As well as promoting the most favourable investment environment, Salmond has been acting as a leading salesman. In October, on a trip to New York, he met a number of leading US CEOs including Trump and David Neuwirth of Morgan Stanley. Speaking to the US Council for Foreign Relations, he promoted Scotland as a “Celtic Lion” to rival to Ireland's “Celtic Tiger.” He said, “The cumulative effect of my government's proposed targets and policies is Scotland will be among the most business friendly countries in Europe and one of the most competitive in the world.”

Salmond's agitation over Aberdeen's rejection of Trump will have been spurred on by an opposed intervention from Northern Ireland's political leadership. Hardline Unionist First Minister Ian Paisley and his deputy, Sinn Fein's Martin McGuinness, were in New York shortly after Salmond and also angling for US investment. According to the *Belfast Telegraph*, Paisley and McGuinness were keen to attract Trump's golf project.

Paisley was reported as saying, “welcome any one who wants to invest in Northern Ireland and who has an interest, in creating jobs, making money and developing our tourist industry.”

A phone call between Trump and Paisley was set up.



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