Britain: Scottish National Party steps up independence rhetoric

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Last month Scotland's First Minister and leader of the Scottish National Party, Alex Salmond, said he would launch a referendum on independence in the Holyrood Parliament on Burns Night, January 25, 2010.

Salmond waxed lyrical on the significance of the anniversary of the birth of Scotland's national bard (Robert Burns, 1759-1796) as "a propitious day" that would also "give more than enough time to get the bill through, and a decision by the people, in the autumn of that year."

Such invocations of Scotland's cultural identity notwithstanding, the SNP's campaigning for independence is in reality a mercenary affair. It is motivated by the efforts of a section of the Scottish bourgeoisie and upper middle class to secure greater privileges for themselves by attracting investment from global companies. It is a perspective antithetical to the interests of working people on both sides of the border and it must be opposed.

Considerable confusion has been created as to the anti-working class character of the independence demand in Scotland, thanks primarily to almost three decades in which Britain has been ruled by successive governments that have implemented right-wing pro-business policies. The SNP ditched its "Tartan Tories" image in the 1980s and capitalized on the deep hostility to the Conservative government of Margaret Thatcher, but its ability to position itself as a left alternative to governments that the "Scottish people" did not vote for, and to policies—particularly the war against Iraq and the attacks on the welfare state—which they oppose, reached its high point under the Labour government of Tony Blair.

Last May this enabled the SNP to win control of the Scottish parliament, but only with a minority government. Labour's losses would have been greater had not there been a majority of voters opposed to the SNP's advocacy of Scottish independence and its own thinly disguised pro-business agenda. During the campaign Labour partially stemmed the rout in its voter base by focusing its campaign on opposition to Scottish separatism and portraying itself as the defender of the United Kingdom.

The SNP did, however, successfully capitalize on the promulgation of illusions in separatism as a means of implementing the type of reformist policies abandoned by Labour, which the Scottish Socialist Party (SSP) bears the main responsibility for cultivating. The vote for both the SSP and Solidarity Scotland, which had only recently split from the SSP under the leadership of Tommy Sheridan, collapsed and largely transferred over directly to the SNP.

Even today support for full independence hovers around the 30 percent mark, but the SNP continues to benefit from the ongoing collapse of Labour's support nationally under the leadership of Gordon Brown. Its latest political offensive comes after Labour's disastrous showing in May's local government elections and the defeat of London Mayor Ken Livingstone by the arch-Conservative Boris Johnson. With record lows in Labour's popular support, an ICM survey for the *Sunday Telegraph* has put the Tories 16 points ahead of Labour's 26 percent.

The timing of the SNP's referendum announcement would be on the eve of an expected General Election and would probably be held in its aftermath. The SNP calculates that a possible return to power by the Conservatives would further boost support for independence.

In its efforts to position itself in the public imagination as a left-leaning party, the SNP has thus far benefited from the relatively higher amount of public spending available to Scotland. Under the Barnett formula, drawn up in the 1970s, Scotland gets around £1,500 more cash to spend on public services for each member of the population than England.

The SNP has used some of this excess to fund popular measures such as not charging tuition fees in universities, opposing some hospital cuts and closures, freezing council tax levels for three years and announcing its replacement by 2011 with a "local" income tax, together with the phased withdrawal of prescription charges. This has had the effect of increasing support for more devolved powers for the Scottish parliament and led to a marginal increase in support for independence that could possibly grow more dramatically in future.

However, even with the cushion provided by the Barnett formula the SNP has already attacked the jobs and living standards of working people.

It set its first budget in February, with the support of the Tories, cutting taxes on small and medium-sized businesses, giving cash for bus operators and increasing police funding to provide 1,000 new officers. In contrast, the SNP set tough targets on efficiency savings of £1.6 billion over three years. As the BBC reported, "This means that, to pay for the main amendments, cash will be taken from other departmental budgets, including health and road maintenance."

Lower than inflation awards imposed in the public sector by Labour have been supported by the SNP. In Scotland itself the SNP, together with Labour and the Liberal Democrats, has proposed a 2.5 percent pay rise for local government workers every year until 2011.

Wherever they are in office at local level, working people have borne the brunt of their efforts to please their corporate backers, including a massive £12 million package of cuts in Edinburgh targeting 22 schools along with nurseries and community centres. The most explosive situation has developed in Aberdeen, where the authority had been declared bankrupt and the SNP and Liberal Democrats are imposing a cuts package of £27 million. Primary schools are being closed and teachers' jobs are under threat, along with numerous organisations for vulnerable people such as senior citizens and the homeless.

These measures provide only a foretaste of what the SNP must do if it is to realize its fundamental aims of transforming Scotland into a low tax investment platform for transnational corporations. It is particularly concerned with developing Scotland as a base for the financial services industry, which accounts for £7 billion (over 7 percent) of Scotland's GDP. It is the fastest growing sector of the Scottish economy, rising by 60 percent between 2000 and 2007, compared with 14 percent growth across the Scottish economy and a 47 percent growth of the UK financial services industry as a whole. Scotland is the headquarters location of four clearing banks, including the Royal Bank of Scotland and HBOS.

The SNP's constant complaint is that its ability to attract greater numbers of international investors is stymied by what it denounces as the UK's high rate of 28 percent corporation tax. Its stated aim is to cut this to 12.5 percent, as currently exists in the Republic of Ireland.

The SNP's web site reported, on June 8, "One of the leading lights of Irish finance" urging "Scots to pursue independence to maximise the benefits of its world-class financial services industry. "Mary Fulton, financial services partner in Dublin with 'big four' accountancy firm Deloitte, told the *Sunday Herald* that Scotland would be more likely to build a thriving financial services sector as an independent nation." It added, "The call was echoed last week by Ben Thomson, chairman of Scotland's leading investment bank Noble Group and a declared supporter of fiscal autonomy, who said Ireland's example showed that Scotland suffered from being 'shackled to the UK tax system.'"

SNP MSP Alex Neil complained, "While the Scottish financial sector has done incredibly well over the past 10 years the Irish financial services industry has grown by nearly 300 percent over the same period. There is no doubt Ireland's power as an independent country to set competitive tax rates, a power Scotland does not have, has been a key factor in that success."

A June 5 article on the same site focused on a survey by the *Scotsman* newspaper that found 39 percent of business people more likely to support Independence than they were prior to the SNP's coming to power.

In the same vein, on May 1 the right-leaning *Scotland on Sunday* reported that "Gordon Brown may be forced to cut corporation tax if he wants to stop the SNP luring firms north of the border."

It noted an "exodus" of companies from the UK, mainly to Ireland, to avoid paying taxes, including Pharmaceuticals giant Shire and media group UBM, and a threat to do the same by WPP, Diageo and Smith & Nephew, Aberdeen Asset Management, Edinburgh fund management group Martin Currie International Power, Aegis and GlaxoSmithKline. "What a fantastic opportunity has thus been presented to the SNP," the newspaper declares. "An independent Scotland could be presented as a haven for London and south-east of England based big businesses... Lower corporation tax has been a central feature of the SNP's economic strategy. Many have dismissed it on the grounds that it would take more than a juicy tax carrot to encourage companies to transfer their headquarters. Now the issue has moved centre-stage as talk of a big corporate exodus from the UK has gathered pace."

This is the SNP's true constituency and the layers it really wants to convince that separatism, or at least greater devolution, is an attractive proposition. To secure riches for itself and its periphery, it must create an economic climate attractive to global capital. And this can only be accomplished through further cuts in taxes, the slashing of public spending and ratcheting up the exploitation of Scottish workers.

It is in light of the SNP's real orientation to big business that Salmond's demagogy over oil revenues these past weeks should be judged. Against a background of oil approaching $140 a barrel and fuel protest throughout Europe, he said in Holyrood that "The Treasury's financial black hole is being filled with Scotland's black, black oil." It was a "national outrage" and "it's time we did something about it."

"I think the mood actually is becoming one of fury in Scotland," he continued, "that we and we alone among the oil-producers of the world, producing 10 times our consumption of hydrocarbons at the present moment, should be faced with an extraordinary position that while every other oil producer, through sovereign funds and the build-up of huge sums of capital, has the resources available to power their economy into the future, what's left for the people of Scotland is paying sky-high prices at the pumps and the industries of Scotland facing escalating costs."

Salmond is calling for the UK government to establish a Scottish Oil Fund, demanding that 10 percent of oil revenues, including a "windfall" due to rising prices, are diverted into the Scottish economy.

He was referring to a report by accountancy firm Grant Thornton stating that rising oil prices have increased annual revenue from North Sea oil, typically £10 billion a year, by around £5 billion. This would, according to the *Sunday Times*, "give an independent Scotland a £4.4 billion surplus, making it one of Europe's richest countries. "The study, based on Treasury oil revenue forecasts and official spending figures, has calculated that, without money from the taxation of oil and gas, an independent Scotland would have an underlying deficit of £7.8 billion. But when £12.2 billion of oil and gas revenues are included, Scotland would have a surplus of more than £4 billion."

In addition a number of reports have been issued by oil industry experts claiming that there could be almost as much oil left in the North Sea as has already been extracted over the past 30 years. Professor Peter O'Dell, of the Erasmus University in the Netherlands, has stated that based on current demand there is the equivalent of 44 years worth of oil in the North Sea. Up to 30 billion barrels may be left, according to Alex Kemp, professor of Petroleum Economics at Aberdeen University.

Salmond's demand for an initial £1.5 billion would have the effect of establishing a territorial claim in North Sea oil for Scotland, which has always been opposed by successive UK governments. In 1977, the Labour government of James Callaghan created the off-shore economic region, the UK Continental Shelf, to which all revenues were formally assigned.

North Sea Oil monies would be a rich prize indeed, though this would be short-lived according to some other reports. A study by analysts Wood McKenzie for the UK department of trade and industry last year estimates that North Sea oil production will in fact halve between 2000 and 2020, and by 2016 it will no longer be able to satisfy current levels of demand from the nine countries that use it.

In the short term, however, it promises both a quick buck and a basis for the SNP's separatist ambitions. Salmond told a meeting of the SNP, "The Norwegian Oil Fund was started only 12 years ago, and is now worth £186 billion—meaning that their oil wealth will last effectively for ever. That is the fantastic prospect facing Scotland as an independent nation. But even short of independence, progress is perfectly possible. In the United States, the Alaskan fund is worth £19 billion; and Alberta in Canada has built up an oil fund of nearly £9 billion."

These sums will be bandied around by the SNP continually in the coming months. The SNP has repeatedly turned to the issue of "Scotland's oil" to seek support for separatism, but perhaps never with as potentially popular impact as today. But it would be foolish to believe that any additional revenues that accrue to Scotland, either under devolution or as a result of separatism, would be spent on improving the living conditions of working people.

When Salmond and his colleagues speak of "Scotland's oil" they do so as those with intimate connections to Scottish capital staking its claim to oil riches, not that of the "Scottish people." Salmond worked directly for the Royal Bank of Scotland (RBS) between 1980 and 1987, first as an assistant economist, then as the Oil Economist and latterly as Royal Bank Economist. He specialized in oil and energy issues, even devising the "Royal Bank/BBC Oil Index," which continues to be published monthly.

The dispute over oil revenues takes place against a background of worsening global economic conditions in the aftermath of the subprime mortgage collapse as the credit crunch plays havoc with the world's banking system. The RBS, for example, has raised £12 billion in Europe's largest-ever rights issue in order to recover from exposure to the US mortgage crisis. Difficulties with a £4 billion rights issue at HBOS saw its shares plunge by more than 11 percent. The SNP will seek to ensure that such losses to capital are clawed out of the backs of the working class.

In every country where separatist movements have emerged they have invariably assumed a right-wing character. The SNP's populist rhetoric barely disguises a desire of a privileged stratum within Scotland to become rich by seizing control, or at least management, of essential assets. Whatever the SNP's superficial left posturing, it has the same hostile relationship to the working class as the Northern League in Italy and the Vlaams Belang in Belgium, in championing the selfish interests of a regional bourgeoisie and upper middle class layers.

Whether it is successful in pushing for independence or whether its appeal remains limited to securing demands for greater autonomy, its nationalist agenda fosters divisions between workers in Scotland and England and thus diverts the working class from mounting an independent offensive to safeguard and secure its own interests against the Labour government and all the parties of big business.

The threatened breakup of nation states throughout Europe into rival regions dominated by grasping political cliques entirely beholden to big capital is a regressive and dangerous development that has invariably been accompanied by the growth of chauvinism, jingoism and anti-immigrant sentiment, ethnic divisions and even war. The working class must make unity its watchword, setting out to replace the outmoded capitalist nation state system with the United Socialist States of Europe as part of a world socialist federation.