

Britain: Scottish Labour Party leader Wendy Alexander resigns

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Wendy Alexander's resignation from the leadership of the Scottish Labour Party has plunged the party even deeper into a bitter internal conflict.

Her departure, after only 10 months in the post, is a marker of a party in total disarray and facing electoral disaster wherever it stands. The resignation comes days after the party was pushed into fifth place behind the Greens and fascist British National Party in the Henley by-election, with Labour losing its deposit. Another by-election is due to be called in the formerly safe Labour seat of Glasgow East, where a large swing away from Labour can be expected.

The immediate trigger for Alexander quitting was a report by the Scottish parliament's Standards Commissioner, Jim Dyer, which concluded that she had broken parliamentary rules by not registering a £950 donation from Jersey businessman Paul Green prior to her bid to win the Scottish party leadership position in 2007. The parliament's Standards Committee, led by Scottish National Party members, concluded that Alexander should be suspended from parliament for one day. As the decision fell at the end of the parliamentary session, the matter will not be debated until September when, should any suspension be upheld, Alexander would only actually be excluded from sitting in the Holyrood parliament for one half day.

Although the amounts in question are fairly trivial, and Alexander reportedly only raised £17,000 in total to contest her unchallenged leadership bid, the inability of Labour to raise even small sums of money from any but corporate sources has again been exposed. She is charged with seeking to conceal the donation's origins by keeping it under a £1,000 reporting threshold and, erroneously, suggesting that it came from a Glasgow-based company. Alexander has claimed that she did in fact seek advice from parliamentary clerks, who assured her the donation was acceptable.

She is the second leader of the last three leaders of the Scottish Labour Party to resign over financial irregularities. She replaced Jack McConnell as Labour leader, following Labour's disastrous showing in the 2007 Scottish elections, when McConnell was replaced by the SNP's Alex Salmond as Scottish First Minister. McConnell's predecessor in both positions was Henry McLeish who resigned following what

was famously described as a "muddle not a fiddle" in local campaign office accounting.

The *Sunday Herald*, who first reported the story on Alexander, was apparently alerted to the situation by sources within the Labour Party with axes to grind.

Her resignation comes only two months after she announced on TV an apparent reversal of Labour Party policy over their attitude to the SNP government's proposal for a referendum on Scottish independence. On taking power in 2007, the SNP announced that they would bring a bill for a referendum before the Scottish parliament in 2010.

Speaking on the BBC's "Politics Show" on May 4, Alexander suggested that Salmond should "bring it on" and hold a referendum soon. Her statement followed months of discussion within the Labour Party in Westminster and Holyrood, the Scottish parliament. Elements within Labour hoped that by calling a referendum via Westminster, perhaps as early as early 2009 and with the timing and wording set at Labour's convenience, independence would be decisively rejected.

Support for independence regularly polls only around 30 percent of the electorate, despite growing electoral support for the SNP. The SNP, aided by the middle class radical organisations, has constructed something of a left veneer for itself and has benefited from the collapse of support for Labour. This is despite the longstanding support for the SNP from sections of business, the increasing enthusiasm for accelerated devolution from sections of the Edinburgh financial establishment, and the SNP's preference for investment oriented tax-cutting policies.

However, Alexander's statement, in the immediate aftermath of Labour's calamitous results in local government elections in England and Wales, took a distinctly different line. In pressing for Salmond to call a vote, she effectively took a position on the constitutional question of whether the Holyrood government has a right to call a referendum that could ultimately break up the UK.

Under conditions of Labour's electoral meltdown, sections of the party realised that a referendum could deliver a result far more favourable to the SNP than they intended. Moreover, Alexander had opened up Brown to attack for threatening the

existence of the United Kingdom, particularly from the Murdoch press. It was a gift to the Conservatives, who were already registering body blows against Labour in the local elections and with Boris Johnson's defeat of Ken Livingstone in the contest for London Mayor.

Alexander was rapidly isolated by her former close ally, Prime Minister Gordon Brown. Other Scottish MPs at Westminster and much of the Scottish media were scathing towards Alexander. One senior Labour source described her call for a referendum as "harebrained" while Scottish Labour group convenor at Westminster, Ann McKeichin MP, dismissed the matter, saying, "tactically, what is decided at Holyrood is a matter for Wendy."

In the end, a compromise of sorts was reached between Alexander and Brown, with Labour "reserving the right" to oppose a bill on independence in the Scottish Parliament. But while Alexander dropped the demand on the SNP for an immediate referendum when it became obvious that no other party at Holyrood would support the measure, with little else to counter the SNP's referendum proposal she soon revived it.

Speaking on BBC Radio 4's flagship political discussion programme "Any Questions?" on June 20, Alexander again urged the SNP government in Scotland to bring forward their plans for a plebiscite. Responding to her call to "get on with it," SNP deputy leader Nicola Sturgeon, also appearing on the show, said her party was committed to its timetable of moving a referendum bill through the Scottish Parliament in 2010.

Underlying Alexander's position is a mixture of desperation at Labour's eclipse by the SNP, and a belief that with Labour looking set to be out of office in Westminster by 2010 it is time for Scottish Labour to distance itself from the Brown government. In addition is the growth in support among the Scottish elite for increased powers for Holyrood, particularly in setting a lower corporation tax as the SNP advocates.

There has been a shift among the three main opposition parties in Scotland—Labour, the Liberal Democrats and the Conservatives. When Alexander was elected, one of her first moves was to establish Labour north of the border as an advocate of more powers for the Scottish parliament, up to and including fiscal autonomy.

Senior figures in the three parties agreed in September 2007 to establish a joint commission on extending the parliament's powers. The commission was finally established earlier this year, with Alexander's support, under academic Sir Kenneth Calman, with a brief that only excluded independence.

All these pressures have intensified over the last weeks with the realisation amongst the Scottish elite that the rapidly escalating price of oil gives them a potentially huge source of new revenue. The *Sunday Times* May 18 reported that according to a new survey carried out by Grant Thornton, an accountancy firm, Scotland is "sitting on a gold mine." Grant Thornton claim that an independent, or fiscally autonomous, Scotland would be able to cut corporation tax to 12.5 percent,

cut personal income tax by 5 percent, and still have a £2 billion surplus to spend on an investment fund.

The survey was based on extrapolating from the government's own 2006 figures, which suggested that Scotland would run a £6 billion deficit if revenues raised were subtracted from central government funding handed over under the current funding formula. Since then, the price of oil has more than doubled. When the *Sunday Times* article was written it was at \$120. In the last few days it has reached \$142.

Alexander's final radio statement sealed her political fate. A phone call from Brown in the aftermath of the Standards Committee decision was less than supportive and may well have been the final push. But the resignation resolves none of the tensions within a Labour Party that is now fracturing on regional lines.

Writing in the *Sunday Herald*, journalist Iain McWhirter noted Alexander's "neo-nationalism" approvingly. He went on, "Whoever takes over from Alexander will have to accept the logic of her political analysis; there really is no alternative. If she is replaced by a stooge, who rejects the independence referendum, neuters the Calman Commission and tries to play by the London rules, then Labour really is doomed in Scotland."

The *Scotland on Sunday*, on the other hand, reported that Labour MPs in Westminster were likely to oppose any new leader in Scotland who sought to continue Alexander's position on the referendum, and predicted a "bloodbath" over the summer as the rival factions fought the matter out.

The comments by former Scottish Labour leader Henry McLeish in the *Guardian* crystallise the range of difficulties now facing Labour.

He said that whoever replaced Alexander should ditch her call for the SNP to hold an early referendum, but continued to insist that Scottish Labour must be seen to be independent from Labour nationally.

"Brown should accept the 'new politics' in Scotland," the *Guardian* reported, "and allow a 'distinctive Scottish Labour perspective' to develop."

"Westminster has not been good in allowing that to happen," he continued, "Labour doesn't acknowledge fully the success of the SNP in being ruthlessly Scottish, distinctively Scottish and not having to look over their shoulder to Westminster day in, day out."



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