

Scotland: Alex Salmond and Thatcherism

Steve James
22 September 2008

Sir Angus Grossart is to head the Scottish Futures Trust (SFT), which will be responsible for attracting private capital bids for public infrastructure projects. His appointment reveals a great deal about the social and political character of the Scottish National Party (SNP) administration in Edinburgh.

Grossart is the founder, chairman and majority shareholder of investment bank Noble Grossart, the former vice chair of the Royal Bank of Scotland (RBS) and the director of numerous companies in the UK, US and Canada. Described by the *Times* as the “doyen of Edinburgh’s financial community,” he is an owner of a sixteenth century castle and holds a place on the *Sunday Times* rich list. His nephew, Hamish, is the deputy chair of Scottish-based oil and gas exploration group Cairn Energy.

While in opposition, the SNP under Alex Salmond made great play of being opposed to the Public Private Partnerships/Public Finance Initiatives (PPP/PFI)—a means of backdoor privatisation used by successive Conservative and Labour governments to transform social and infrastructure spending into lucrative and long-term revenue streams for private capital.

However, the Scottish Futures Trust is simply a repackaging of PPP/PFI in line with the needs of the financial sector in Scotland. The Scottish government is unable to issue its own bonds, the SNP’s preference, but the SFT will seek to create consortia of local authorities, private operators and the SFT to sell bonds for specific projects along with other means of finance.

An example of the sort of return being generated by PFIs can be seen in the scheme to rebuild Hairmyres Hospital, near Glasgow. For an outlay of £8.4 million, building company Kier and PPP investment specialist Innisfree expect a return of £145.2 million over 30 years. Innisfree has £715 million worth of investments in more than £8 billion worth of PFI deals in 18 hospitals, 17 education projects, and 5 prison and court projects in the UK.

By contrast, the local health authority, NHS Lanarkshire, made a loss of £15.6 million last year, and was forced to sell £20 million of land to clear its debts.

Grossart’s appointment, hailed in the media as a “coup,”

represents a seal of approval from the Scottish financial elite for both the SFT and the SNP administration.

Numerous finance houses and banks are headquartered in Edinburgh. Grossart’s job will be to fix deals with the big operators such as RBS, one of the world’s largest banks. RBS has its own PPP arm, Royal Bank Project Investments Ltd. Douglas Fraser, political editor of the *Glasgow Herald*, noted approvingly that “the challenge is now for Sir Angus to make the anti-profiteering rhetoric into an attractive package for profit-seeking financiers.”

The SNP’s subservience to the financial establishment is not exactly new. Salmond was an oil economist at RBS for years before becoming SNP leader. The SFT deal comes only a few months after the SNP government attempted to push through a £1 billion golf resort for magnate Donald Trump in defiance of local planning laws and public opposition. The SNP’s central demand is that an independent Scotland should be able to emulate Ireland as a low-tax investment platform.

Yet for many years, the SNP has sought to dress this pro-business agenda up in social democratic garb—a presentation that was only possible due to the right-wing lurch of Labour and the services rendered to the nationalists by the middle class radical groups such as the Scottish Socialist Party, Tommy Sheridan’s Solidarity Movement and the Scottish Greens. All these groups have claimed that an independent Scotland is the means through which socialism can be realised long-term and that an independent capitalist Scotland under the SNP is a first step in that direction that must be supported without precondition.

With the Labour government imploding, Salmond believes that the SNP will be the main beneficiary in Scotland. Consequently, he has become more open in speaking about the real aims of the Scottish administration.

In a recent interview with the *Total Politics* magazine, Iain Dale asked Salmond, “Ten years ago, the Conservatives were seen as a terrible enemy by the SNP, and they saw you as very left-wing. It seems to me that you have tried to change that and create a very big tent for the SNP.”

Salmond replied, “I suppose I have tried to bring the SNP into the mainstream of Scotland. We have a very

competitive economic agenda. Many business people have warmed towards the SNP. We need a competitive edge, a competitive advantage—get on with it, get things done, speed up decision making, reduce bureaucracy. The SNP has a strong social conscience, which is very Scottish in itself. One of the reasons Scotland didn't take to Lady Thatcher was because of that. We didn't mind the economic side so much. But we didn't like the social side at all."

The SNP—along with much of the political establishment in Scotland—has always sought to distance itself from Thatcherism and its perspective of unbridled free market capitalism and assaults on workers' social gains.

"Thatcherism" has been portrayed as a peculiarly "English" affair, at odds with what is routinely portrayed as the more just, socially aware "Scottish" national consensus.

Salmond's incautious admission that he "didn't mind the economic side" of Thatcherism "so much" blew the gaffe on such claims. Notwithstanding his absurd attempt to separate Tory economic policy from its social consequences, his statement exposed the degree to which the fundamentals of Thatcherism—the gutting of social provision for the personal enrichment of a fabulously wealthy elite—has been embraced across the entire official political spectrum. That is why the next morning, Salmond took the unprecedented step for a First Minister of phoning a radio talk show to claim that he had been misinterpreted.

Salmond has attempted to recover political ground by unveiling the SNP's proposals for a local income tax to replace the current council tax. Levied by local authorities, the council tax is based on property values. The housing price bubble over the last years—coupled with cuts on social spending—has meant that this tax falls disproportionately harshest on working people.

The SNP has said it intends to abolish the council tax entirely and replace it with an income tax levied at three pence in the pound. It argues that this will save the average family between £350 and £535 a year and has challenged the other parties to veto the measure.

The proposal has to be seen in the context of the growing moves in all the major parties and the business establishment towards some form of greater financial independence for Scotland, so-called fiscal autonomy.

The intended income tax is not a local tax as such. It is a tax set centrally in Edinburgh, which is then parcelled out locally, reducing local authorities to mere conduits for state funding. More fundamentally, the SNP has made clear that the purpose of the new tax is to further ratchet up tensions between Edinburgh and London, in order to serve its strategic goal of independence.

Some £2.5 billion is currently raised under the present council tax, but the SNP's proposal will bring in just £1.6

billion—a £900 million shortfall. Almost half of this is to be recouped through unspecified savings. But the SNP is also demanding that Scotland continue to receive some £400 million from UK central government that is currently paid in benefits to those too poor to finance the council tax in full—even though the tax will be abolished.

In other words, the SNP's "redistributive" tax is dependent to a great extent on the UK government and taxes raised on working people in England and Wales. Salmond calculates that this is a win-win situation for his administration. If London agrees, the SNP will reap the benefits in terms of strengthening its popularity. And should London refuse, the SNP believes it will lend credibility to its demands for complete independence in Scotland and even help stoke up anti-Scottish sentiment south of the border.

In the same *Total Politics* interview, Salmond made clear his preference for a bonfire of national vanities. Asked if he agreed that there "is a resurgence of an acceptable form of English nationalism," he replied, "I have huge sympathy with the political argument. As you know, by choice, SNP MPs have abstained from every vote on English legislation that does not have an immediate Scottish consequence. If you're asking me should people in England be able to run their own health service or education system, my answer is yes. They should be able to do it without the bossy interference of Scots Labour MPs.... Because I believe in independence for Scotland, I also believe in independence for England."

Over the recent period, the Conservative Party—still concentrated predominantly in southern England—has begun to flirt with English nationalism. Sure enough, the right-wing press in England made hay with allegations that with the income tax reform, Scotland was again being subsidised by English taxpayers. In response, Prime Minister Gordon Brown signalled that the Labour government is prepared to concede greater fiscal autonomy to Scotland. In a speech to Scottish business leaders earlier this month, he said there was a "problem" with the fact that the Scottish parliament was not more accountable for its spending.



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