

Scottish National Party prepares deep spending cuts

Jordan Shilton
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The Scottish National Party minority government in Edinburgh is set to launch deep public spending cuts as a result of the economic crisis. The SNP's draft budget outlined cuts to local authority funds, the cancellation of capital investment programmes and a reduction in the budget for housing.

A proposed rail link to Glasgow airport has been cancelled, which is expected to cost over 1,300 jobs. Finance secretary in the SNP administration, John Swinney, claimed that this decision was necessary in order to cover a reduction in the budget for the National Health Service of £129 million by parliament in London. Yet this will do nothing to protect the health service in Scotland from future cuts, with Swinney admitting that budget cuts in the coming years would be inevitable.

The housing budget will be cut by about a third, with over £250 million removed. Education is being reduced by £50 million, with the main target teacher training.

Swinney asserted that frontline services were being protected by the budget. This was largely based on the fact that the health budget will increase slightly next year, and initiatives such as the abolition of prescription charges for medicine and free bus travel for the elderly have been preserved. But the ability of the Scottish government to provide these limited measures is based on the favourable settlement obtained by Scotland through the Barnett formula, the means by which the money to be spent in Britain's regions is divided up. Scotland, per head of population, receives approximately one-and-a-half times more public funds than the rest of Britain.

Even so, this will not prevent further reductions. A council spending freeze will have a severe impact on public services provided at local level, including education, social work and refuse collection. Edinburgh City Council is set to cut spending on services by 4 percent across the board. Without job cuts, according to

their chief executive in the *Scotsman*, this spending cut will rise to 8 percent. Trade unions in Glasgow City Council, which is already embarking on an employment review, anticipate 10 percent job cuts—up to 2,000 jobs—while East Renfrewshire Council is predicting 15 percent spending cuts by 2013. This comes at a time of rising unemployment.

The cuts outlined only represent the first step in what will be a massive assault on public spending in the coming period. Just prior to the release of the draft budget, a leading SNP member, Fergus Ewing, told Holyrood (the Scottish parliament), “We are now facing public expenditure cuts on a scale not experienced for decades. All areas of the public sector will have less money to spend. Not just next year, but probably for several years to come.”

A recent report from the Centre for Public Policy for Regions claimed that spending cuts of up to £2.5 billion would be required in the coming four years, amounting roughly to 8 percent of the Scottish government's budget. The think-tank called for an immediate pay freeze in the public sector, the privatisation of state-run Scottish Water and further cuts to spending on schools.

The report declared, “A new age of austerity looms and very little time exists to prepare for it. Many of the potential areas for larger savings will take time to implement and so radical ideas too need to start to be addressed now.”

It continued, “Spending areas and ideas that were once taboo will be no longer. A detailed review of all budgets is essential in order to minimise the on-the-ground impact of these reductions.”

The SNP, led by First Minister Alex Salmond, have attempted to lay the blame for any budget cuts on the Labour government in London. As part of its campaign for an independence referendum, legislation for which is currently being discussed in the Scottish parliament, the

SNP is claiming that Labour has cut the budget made available to Scotland by £500 million for the coming year. Labour politicians have countered, claiming that the budget reduction is due to the fact that the SNP decided to bring forward over £300 million of capital investment due to be used in the 2010-11 budget which was instead spent last year.

By shifting the blame for austerity measures onto London, the SNP is seeking to present its calls for independence as the only viable alternative for people hoping to protect public services from budget cuts.

In this context, the revelations that emerged earlier this month on the ongoing preparations for independence within the civil service are significant. The *Scotsman* published an account of a meeting earlier this year between leading civil servants in Edinburgh, which outlined the practical steps already under way for separation from the UK.

The minutes of the meeting confirmed that plans have been drawn up outlining the relationship between an independent Scotland and the British state. It was noted that civil servants had begun looking into the possibility of running the social benefits system from Edinburgh. As Angiolina Foster, the Scottish government's director of strategy, commented in the minutes, "We need to ensure that the proposals we made will drive economic recovery, will shift resources towards achieving the purpose, fit the SG (Scottish government) narrative and meet the criteria of preparing Scotland to be a sustainable independent country."

Since coming to power in 2007, the SNP minority government has involved up to 14 teams of civil servants in drawing up the plans. Salmond has maintained his call for an independence referendum by the end of 2010, despite concerted resistance from the three opposition parties.

While the SNP's perspective for an independent Scotland was severely discredited by the economic and financial crisis that began in 2008, leading to the near collapse of Scotland's two main financial institutions, the latest plans make clear that there remains the real possibility of the break-up of the UK. Under conditions of ongoing economic instability, this process will produce increasingly sharp tensions. As the minutes of the meeting pointed out, one of the main components of any future relationship between London and an independent Scotland would be "confrontation and conflict."

Such an admission does not appear to have troubled those present, with the minutes merely suggesting that in

dealing with London, a future independent Scotland would use "4 modes of engagement: confrontation and conflict; competing; co-existing; and collaboration. (We) (n)eed to use a blend of all strategies in order to get (the) best outcome for Scotland."

Far from representing "the best outcome for Scotland", the SNP's programme speaks to sections of the regional business elite who view Scotland's separation from the UK as a means for their own self-enrichment at the expense of the working class. This found increasingly vocal expression prior to last year's financial collapse, with commentators holding out the hope that Edinburgh's strong financial sector could be combined with the proceeds from North Sea Oil and cuts in business taxes to build a viable economic future for Scotland. An independent Scotland, it was claimed, could join the "arc of prosperity," which at that time included Iceland, Ireland and Norway.

Now, with all such hopes having evaporated, the rhetoric about the potential for Scotland to become a prosperous nation has virtually disappeared. It has been replaced by unadorned calls from the business elite, mirroring the response of ruling circles across the globe, for the working class to bear the burden of the economic crisis through spending cuts and tax hikes.

The latest budget is only one example of how the SNP have embraced this outlook. They now emphasise to an even greater extent their calls for tax varying powers to be granted to Holyrood, enabling them to slash corporation tax rates to 12.5 percent. This is seen as a basis for creating a cheap labour production platform in Scotland and a base for finance capital. The consequences of such a strategy are evident today in Ireland, where the government is imposing devastating spending cuts targeted at working people.



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