

Scottish budget sets out cuts in jobs, wages and public services

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The first budget delivered by the majority Scottish National Party (SNP) administration in Edinburgh set out pay cuts, job losses and further erosion of social services between now and 2015.

Finance Minister John Swinney made clear that the SNP administration is adhering to spending limits imposed by its Conservative-Liberal Democrat allies in Westminster. Total spending will be £29.2 billion in 2010/11, declining to £28.5 billion by 2015. Given inflation, this represents an overall reduction in real terms of some 12.3 percent. Most of this, 7 percent, will be made this year.

The SNP's cuts will fall most heavily on public sector workers, civil servants and college students. The SNP is imposing a pay freeze and demanding increased pension contributions from National Health Service (NHS) staff, police, fire service workers and teachers. Taken together, these measures amount to a 10 percent real terms pay cut over two years.

Public sector workers and the most vulnerable are further targeted by spending limits imposed on local government. By freezing council tax payments and offering local authorities no additional resources beyond private sector borrowing, the government's own figures outline a 6.3 percent cut in local government funding to 2015.

Despite a promise to defend NHS spending, and Scotland's notoriously bad health record compared to the rest of Britain and Europe, the SNP is cutting the health budget. Some £200 million is to be cut in real terms, a 1.4 percent reduction.

The head of the British Medical Association in Scotland, Brian Keighley, described the figures as "an unprecedented real terms reduction." He warned of the damaging effects of previous austerity measures, including cuts to nursing staff, on patient services.

Around 1,000 nursing jobs were lost last year. Spending on new hospitals is also set to fall by £250 million.

Current cuts are just a down payment, however. The SNP is looking to make far more sweeping health cuts. Some £500 million within the budget is to be directed towards so-called "preventative spending". This is a euphemism through which the SNP hopes to offload the cost of future institutional care, primarily for the elderly, onto families, friends and charitable organisations.

Not all areas are being cut. The education budget is being slightly increased by 0.5 percent to 2015. But within this there is a sharp polarisation. As in all areas of spending, the SNP are calibrating their budget in the interests of the big business.

The SNP are restoring most of the 8 percent cut from the universities budget last year. This is to maintain the most prestigious universities' research capacities, win international business sponsorship and high fee paying international students.

But the SNP has turned to attack Further Education (FE) colleges, imposing a 13.5 percent cut in spending by 2015. The FE colleges, which offer tertiary education to predominantly working class young people unable to afford university, face their budgets falling from £544 million to £470 million annually.

The heads of a number of FE colleges wrote to SNP Education Minister Mike Russell warning that the impact "on the quality of provision, the availability of student support services, and the loss to expertise, capacity and morale present in the sector through losing staff cannot be overstated."

Russell has also recently published proposals to enforce widespread mergers of colleges and universities, with Dundee's two institutions, Abertay

University and Dundee University, reported to be first in line.

Other areas of cuts include criminal justice, with the already tiny legal aid budget of £154 million being cut to £132 million, while a court and police rationalisation is expected to cost thousands of administrative jobs.

In total the criminal justice budget is falling by 9 percent. The SNP remains committed, however, to increasing the numbers of police, a new “crime campus” university, and the creation of a unified police force out of the eight regional forces.

Together these measures constitute a powerful strengthening of the state apparatus, one, moreover, which is increasingly beholden to the SNP.

Annual capital spending is being increased to £2,208 million from £2,126 million. Again, the changes directly serve business interests. According to Shelter some 156,000 families are on housing waiting lists in Scotland. Yet, while the budget for new housing has been cut by £140 million to a miserly £252 million, the government is pressing ahead with a wave of high-cost infrastructure projects designed to secure international investment.

These include expensive improvements to the Edinburgh to Glasgow rail link, new road bypasses, particularly to the Aberdeen-based oil industry, and a new £1.5 billion Forth road bridge.

In total to 2015, the SNP intends to pour £9 billion into these projects, of which at least £2.5 billion is to be from private sources. The SNP hopes to use capital spending to leverage further lucrative investment into new schemes through its close contacts with the financial sector.

Swinney and SNP leader Alex Salmond claim their capital program is a “Plan MacB”, to mitigate the impact of economic recession. In fact, the SNP are merely exploiting Scotland’s favourable UK funding allocation under the Barnett formula to direct investment to their business allies.

Other areas directly impacted include rural funding. The rural affairs budget is to be cut by 12 percent to 2015, which will hurt the most impoverished farms and rural businesses. A cut to the culture and external affairs budget of 16 percent will damage cultural institutions such as Historic Scotland, which maintains buildings of architectural significance and the National Records of Scotland. Both are losing one-third of their

annual funding.

The measure that generated most media attention, however, was Swinney’s decision to impose a retail tax on major supermarket chains. Intended to raise a paltry £30-40 million annually, the SNP intends revenue raised to be part of its “preventative” spending directed, allegedly, towards reducing smoking and alcohol abuse.

The tax is a diversion and its details are unclear. The measure, should it ever be implemented, represents a minuscule encroachment on supermarket profits and is purely directed towards slashing public spending and corporation tax in the future. It nevertheless drew hysterics from business federations, who described the move as a “bombshell”.

For their part the trade unions issued some pro forma threats. Dave Moxham of the Scottish Trades Union Congress (STUC) warned in response to the budget that a UK-wide public service strike on November 30 was being “seen as a starting point for sectoral strikes”. Cheryl Gedling of the Public and Commercial Services union called for “more targeted action”.

In fact, a series of one-day “targeted”, sectoral strikes and related stunts is entirely worthless in confronting the joint assault from London and Edinburgh. They serve only to create an illusion of opposition. The unions’ real attitude is reflected in their support for the STUC’s Christie Commission, which suggested that 40 percent of public spending in Scotland was unnecessary and private and voluntary sources should be more aggressively utilised.

The budget poses the pressing need for working people in Scotland to make common cause with workers across Britain and internationally against the depredations of the financial aristocracy. This demands a break with the trade unions and their ex-left defenders and the construction of the Socialist Equality Party.



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