

Former Prime Minister Gordon Brown leads Labour's intervention in Scottish independence referendum

Steve James
28 May 2013

As Britain's chancellor and then prime minister, Gordon Brown presided over the Labour government's escalation of British militarism between 1997 and 2010. As prime minister in 2008, he supervised the post-Lehman Brothers transfer of gargantuan sums of public money into the banking system to prevent its collapse. His actions, in short, prepared the way for the social counterrevolution now being continued by the Conservative/Liberal Democrat coalition against the working class.

Following Labour's 2010 election defeat, Brown was considered as a candidate for the leadership of the International Monetary Fund. He took an unpaid position with the World Economic Forum.

It is as a trusted defender of finance capital that Brown has intervened in the Scottish referendum campaign. He and the Labour Party are concerned that despite the "Yes" campaign being far behind in the polls, the referendum process, let alone the possibility of a "Yes" victory, is dangerously destabilising.

Uncertainty created over currency, tax rates, membership of the European Union, NATO, arms contracts, etc. are, in Brown's view, increasingly prejudicial to British corporations, the financial system, and the stability of the state itself. For this reason, Brown and Labour are intervening strongly to discredit the Scottish National Party (SNP)-led "Yes" campaign.

The Labour Party is attempting to package its concerns in social terms. Speaking in Glasgow last week, at the launch of the "United with Labour" campaign for a "No" vote, Brown called for a "Union for social justice". He claimed that he wanted to "make the case, the most modern case for the Union, for the pooling and sharing of resources so that we are in a

position to tackle poverty, unemployment together."

Brown then postured as an opponent of corporate tax cutting. He warned that if an independent Scotland cut business tax to the low rate that exists in the Republic of Ireland, "you would lose half the share of corporation tax revenue. Then what happens is the English would cut their corporation tax, the Welsh would demand they had the right to cut theirs, the Northern Irish already want the right to cut theirs." There would be, Brown continued, a "race to the bottom".

Brown, of course, has no objection to tax breaks to big business. More spurious still is his pose as an opponent of competitive regional austerity. After all, it was the Labour government of 1997 that initiated devolution, establishing regional parliaments in Wales and Scotland.

Labour saw the Welsh Assembly and Scottish Parliament precisely as tools to foster regional and national divisions in the working class. This assisted the regional business and bureaucratic elite in their efforts to cut their own investment deals on the basis of tax breaks and low wages. It also is a vital tool in breaking up social spending, through the ever-greater fragmentation on regional lines of all areas of health, education and welfare provision, while cuts are implemented across the board.

Labour in fact advocates yet more devolution to this end. Brown insisted he was "happy to consider what we can do in the future to make that devolution settlement better."

Scottish Labour leader Johann Lamont is in favour of something close to full fiscal autonomy for Scotland, a position to which Alistair Darling, the former

chancellor under Brown's premiership, said he had no objections "in principle."

The problem for Labour is that the processes set in motion in 1997 are now getting out of hand. Devolution has accelerated fissiparous tendencies that are imperiling the 306-year-old United Kingdom. In office, Brown opposed conceding a referendum to the SNP. His successor, David Cameron, offered one immediately.

Brown and the Labour Party are becoming increasingly concerned that, outside of the overarching supervision by the British state, uncontrolled tax cutting between the regions threatens Britain's ability to compete effectively and undermines the capacity of the state to fund bailouts to the banks from public spending. In current conditions, the complex and dangerous disputes that would be triggered by Scottish independence threaten financial instability, which might further imperil the strategic interests of the British banking and financial system.

A series of UK Treasury papers released in the last week, directed against the "Yes" campaign, backed up Brown's concerns. One paper warned that, faced with a comparable crisis to 2008, in which £66 billion was handed over to the Royal Bank of Scotland (RBS) and HBOS, an independent Scotland would be overwhelmed. The Treasury warned that Scotland would be more dependent on the financial sector than Cyprus or Iceland, both now synonymous with disastrous financial pile-ups and social misery.

According to the Treasury, the UK's banking assets and loans are currently worth 492 percent of Gross Domestic Product (GDP) of £1.5 trillion. Scotland's assets and loans, which would include RBS, would be worth 1,254 percent of a GDP of only £150 billion. By comparison, prior to its 2007 financial crash, Iceland's GDP to assets ratio was 880 percent, and the figure for Cyprus prior to its crash earlier this year stood at 800 percent. On this basis, the same paper warned that Scotland, on its own, would be unable to sustain the guarantees to savers of up to £85,000 currently offered under the UK's Financial Services Compensation Scheme.

Labour, the government and the Treasury did not care to comment further on the British figure. It shows the extraordinary dominance of financial parasitism over all aspects of economic life. According to Bloomberg

News, comparable figures for the United States and Germany are 170 percent and 326 percent. The figures prove that the next round of the financial crisis, concentrated as it is on Europe and around central banks, will impact particularly heavily on Britain.

This is why Labour have united with the Conservatives and Liberal Democrats in the "Better Together" campaign for a "No" vote. The campaign's leading spokesman is Darling. At the same time, Labour have felt obliged to launch their own "United with Labour" campaign because they are concerned that the "Yes" camp will benefit as a result of the social attacks being organised by the Tory government. Although support for independence remains relatively static at around 30 percent, this can change rapidly. Moreover, given the resurgence of splits in the Conservative Party over continued membership of the European Union, the possibility exists that an independent Scotland would be the only part of the British mainland in, or seeking to join, the European Union.

Neither camp represents the interests of working people anywhere in the British Isles. Despite their differences, both are seeking to fill the bank accounts of their super-rich backers through the immiseration of the working class. Separatism serves only to divide, disarm and demobilise the working class in the necessary struggle for the overthrow of capitalism.

Ending the rule of British imperialism and its policy of social warfare is not advanced by setting up a Scottish bourgeois state, but only through the development of a unified socialist movement to overthrow the Cameron government and its capitalist regional allies and rivals alike.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact