

# scottishleftreview

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dark christmas



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Comment

In our half-waking state we see the outline of a figure; tall, elegant, draped in silks and flecked with jewels and precious metals. The figure stares at us with a steely, unblinking stare which looks straight into us but see nothing. The turn of the head, the tilting of the neck, the twitch of facial expressions and the sound of breathing are almost human. But shoulders neither rise nor fall when lungs should be drawing in air. The face is wide-eyed, the mouth stretched in a permanent grin, the cheeks painted rouge and the signs of wear the wrinkles of doubt and time one finds around eyes and mouths and on foreheads are unforgivingly obliterated, painted over, concealed and ignored. The arms are long, reaching and stretching almost uncontrolled; the hands are large, enormous in fact, fingers like eels entwining themselves around a cluster of objects. The objects far to many for the hands to grasp properly are indistinct but glow faintly through the stain of grasping. Hands so full objects fall, yet still reaching out for more.

The figure is almost silent, but its breath whispers. At first the sound comes; this is what I must do, what must happen. And then it changes; this is what I want. But this is all, not a conversation, not even a thought, just a sound. This creature moves like it is human, alive, aware, but the movements of a human and the signs of humanity are not the same thing. Just as a corpse bears the appearance of a person but has nothing else of the feel of a person about it, so this creature appears alive as the feel of living is missing. Beneath the silk hanging from its shoulders, somewhere near the heart of the beast, we can see the faint signs of another figure, much smaller, naked, emaciated and silent, encased deep inside. Moving, but barely. And this is the Ghost of our Christmas Past,

We wake, but not yet awake. We think of half-life, false liberty and the pursuit of nothing certain. We try to remember when the accumulation of things was universally recognised as proxy for happiness. The more it failed, the more that accumulation left an empty feeling, something well short of happiness, the more we were urged to shows our complete faith in the power of accumulation. We accumulated not because it made us happier, but because it didn't. We prayed not because it worked and changed anything, but because the more we prayed the less

things changed. We sat in a lobby pressing the call button of an elevator that did not arrive, the pressing more frantic the longer we waited. We all accumulated because we all had faith in accumulation as the path to our salvation. In so much we were apart but in this we truly stood shoulder-to-shoulder. The rich believed in accumulation because the more we accumulated between us, the more of it accumulated around their feet. The rest believed in accumulation because we saw others accumulate and it looked so much fun. The guy on the TV advert with the new car never looked miserable. The woman on the TV show never looked forlorn when she stood in front of a wardrobe of shoes. In pubs people distributed more and more in the hope of happiness. Their offering to the Gods of Forgetting and Distraction increased and they began to mistake forgetfulness and distractedness for joy.

We are awake. That memory of the Ghost of Christmas Past scares us not because it took the form of a banker, or a millionaire, or a speculator or a spiv, but because it looked like us. And this, on the first night, shall be our first revelation.

When again we fall asleep we see a new figure, a small, wizened figure this time, barely the height of our waist, but with arms and tentacles bursting through the threadbare remnants of a crumpled old suit. They point in all directions, they flail around grasping for things which are no longer there. As we watch, mesmerised, tentacles reach for our eyes. The walnut-like head of this new apparition tenses itself into a mask of seriousness, but its eyes dart with fear and confusion. It wishes not to be seen, urges us to look away. Its embarrassment, its humiliation. It stands on its tiptoes to mimic its former bearing and speaks out deep from its chest with a voice that hopes for a baritone but achieves little more than a squeak. Our past had one voice, dominant, complete. Our present is a cacophony of whispers.

And so we wake, learning nothing, knowing nothing. This is the Ghost of Christmas Present and our revelation is as icy and bleak as the season; it tells us nothing but is only the echo of what has been. So we sit, waiting for night until we are visited again. Two periods of darkness which left us only afraid. Now a period of harsh, cold light as we hope for one more visitation, from a Ghost of Christmas Future.

As if the future is decided. As if waiting will help.

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# how did we get here?

## Doug Bain looks at the roots of the current crisis to see what it tells us about the way forward

In a recent Channel 4 News programme, Jon Snow commented on how we were all becoming amateur economists as we struggle to fathom the mysteries of the financial world - "like learning Latin" he observed. A more appropriate language choice might have been Double Dutch. The past six months have been an education and a revelation to the British people as the voodoo world of finance capitalism has become exposed to the public gaze. Impressions stick in the mind: the panel on **Question Time** reeling back in the face of the anger and indignation emanating from the audience; an elderly and rather bewildered woman being interviewed on the telly, slowly shaking her head and saying "Our mother always told us not to keep money in the house but to put it in the bank where it will be safe"; Richard Fuld, head of Lehman's, being interrogated by Henry Waxman who asks him if it is true he had received \$480m in pay and bonuses since 2000. ("That's incorrect. It's only \$300m. I feel horrible about what has happened"). I think one thing is becoming clear - we are witnessing the end of an era. Capitalism will never be quite the same again.

One problem in trying to write about how we got here is the fact that the runaway train is currently still careering down the hill - we haven't actually arrived anywhere yet. Phase one was the evolving banking crisis which started last summer; phase two has been the Government's response - part nationalisation of collapsing banks with £500 billion of public money being made available to shore up the system. Phase three, yet to come, will tell us whether the plan worked or not and what the social and human consequences are likely to be. At the time of writing the omens do not seem propitious and recession seems almost inevitable. Further bank crashes are possible. Unemployment is rising, consumer demand falling, tens of thousands are defaulting on the home loans, cars, credit cards taken out in the boom years.

The historically-recent roots of the crisis would appear to lie in the response of the US Government to 9/11 on the one hand and the dot com collapse of 2001 on the other, in a desperate move to avoid recession. Interest rates were cut to 3.5 per cent in 2001 and slashed to 1.25 per cent the following year - thus initiating a consumer boom of huge proportions. Household debt in the US rose from 66 per cent of GDP to 100 per cent over the decade to 2007. New sub-prime mortgages rose from \$160 billion in 2001 to \$600 billion in 2006 - 20 per cent of all mortgages. Associated with these developments was the process of financial de-regulation and privatisation initiated in the course of the 1990s. Of particular significance was the repeal of the 1933 Glass-Steagall Act which had prevented US investment banks from becoming involved in retail finance. The permitted ratio of debt to equity was increased to 30:1. In the 10 years to 2007, the debt taken on by banks and other financial institutions in the US increased from 63 per cent of GDP to 113 per cent - a colossal increase.

New Labour was an enthusiastic cheer leader for these developments - the Anglo-Saxon model. Far from 'prudently'

managing our economy during these years, Gordon Brown was riding the tiger of a parallel property-based boom in the UK. At the start of 2008, the average household in the UK was paying £3,744 a year on debt repayments - up £517, or 13 per cent, in the course of one year and household debt had risen by £120b to a total of £1.391 trillion - the highest level of household debt in Europe. Just as in the States, the Captain Mainwaring bank culture was swept away. By the eve of its collapse, HBOS had a debt of £198 billion in excess of its deposit base. Northern Rock was advancing 125 per cent 'suicide' mortgages. The realities and risks were being buried in a shadow banking system which no-one fully understood. Debts were packaged up as collateralised debt obligations and traded between banks. But these so called securities were ultimately based on the value of residential mortgages and when these started to lose value in the US, the whole edifice crumbled. It could be argued that we are where we are because of business-as-usual capitalism - the boom and slump cycle that Brown imagined he had eliminated. We had a financial crash in 1987, the East Asian Crisis of 1997, the dot.com/telecommunications crash in 2001. Up until only a few weeks ago the argument was going the rounds that the occasional downturn is the price we pay for all the boom years and that we just need to grin and bear it.

So are we dealing with just another in the long sequence of booms and recessions? Normal life under capitalism? Robert Brenner in his book **The Boom and the Bubble: the US in the World Economy** argues that the turbulent period we are living through is part of a deeper crisis of capitalism which began in the 1970s. Indeed, for the last 40 years the rate of profit has been either falling or has stagnated. For the G7 states, the rate of profit for the manufacturing sector in 1982 was only one third of what it had been in 1952. **Kondratiev A** just failed to turn up. The root problem, he argued, is one of persistent over-capacity and over-production with companies caught between the pincers of rising costs and falling price values. He is not optimistic about capitalism being able to resolve this contradiction.

The neo-liberal offensive has been capitalism's rather desperate and decidedly risky strategy to resolve this long-standing crisis. Central to that strategy has been de-regulation of the financial markets and the promotion of the stock market as the engine of capital allocation. But an inevitable consequence of a deregulated free market has been the creation of financial bubbles. In many ways the telecommunications bubble was a forerunner of the housing bubble. Following the deregulation of that industry in 1996 which opened it up to the market, hundreds of companies homed in on what was called the 'new economy', building up a share value of \$2.7 trillion. The result was market saturation and within the space of five or six years the bubble had burst. Some 4,000 companies associated with the 'new economy' suffered losses of \$148 billion in the year 2000/01 alone. And now, eight years later, another bubble has burst. But this is not just any old bubble. This time the banking system has collapsed - the very foundations of capitalism. The system itself is not going to collapse - but its free market phase



is coming to an end. Those free-marketeers who were shouting the loudest that the state should not interfere in the operation of the free market have been the very ones down on their knees begging for intervention. The panel on the said Question Time were asked 'Does this signal the end of the free market?'. Nobody was arguing. It is difficult to overstate the potential importance of this change. TINA has been destroyed. There **has** to be an alternative. Regulation of our banking system and money markets is now inevitable. From here on in the debate will focus on the character, extent and, above all, the purpose of state intervention in the economy.

So new possibilities open up to challenge the fractured neo-liberal hegemony. The argument that erstwhile RBS chief Fred Goodwin, for instance, deserves an annual salary of £3.3 million and a pension pot of £8 million because he is so dazzlingly brilliant no longer cuts any ice. This strengthens arguments for major tax reforms. A distinction is now being made between the 'real economy' on the one hand and the surreal, 'virtual' economy on the other. Can we feel confident about an economy where manufacturing only accounts for 18 per cent of GDP? And what do we mean when we talk about the 'real economy'? Because, of course, the economy is not just about production; it also encompasses the world of reproduction and care. So what kind of political economy will replace TINA? And there are other positive trends which might now emerge. It could well be that mutualisation makes a come-back; support for ethical banking as practised by the Co-op; credit unions and other local forms of saving and lending could prosper as people look to institutions that they feel they can understand and trust. But it would be naive to assume that

**It is difficult to overstate the potential importance of this change. TINA has been destroyed. There has to be an alternative.**

some kind of swing to the left is now inevitable. Indeed, Eric Hobsbawm writing in the Guardian reminds us that the lesson of history suggests the opposite. The years following the 1929 crash saw a swing to the right across most of the world with Labour being reduced to 50 MPs in the election of 1931. But not in Scandinavia nor the US. So speculating where the runaway train will end up is not really the point. The point is it is all there to play for.

There is already speculation that Labour could now turn the tables on Cameron and possibly even go on to win the coming general election. I think that is unlikely. What Brown has done to date is the easy bit. Giving the banks £50 billion of public money could cause many neo-liberals to sing in the bath. It is very likely that a broadly similar intervention plan - with variations - would have been decided by whatever government was in power. The real test is what happens next. Has New Labour learned lessons? Has there been a Damascus moment? Are Brown and Darling now pouring over Compass's recent publication 'A New Political Economy'? Dream on. It's Peter Mandelson who has been recruited to help steer Labour through this crisis. The word 'nationalisation' never passes Brown's lips. He has made tut-tut noises about the exorbitant City bonuses but has in fact done absolutely nothing about it. No mention has been made of all the tax havens and loopholes which virtually exempt top companies from paying tax. My guess is Brown will fight a rear-guard action against all the demands for change. His medium-term aim will be to restore business as usual. The minimum of regulation will be introduced aimed at stabilising the system;

there will be some reflation of the economy; gesture actions will be taken to protect those hit hardest by the coming recession. But the bottom line will be that the British people will bear the burden of the cost required to put a largely unreformed capitalism back on its feet. The central aim of New Labour has been a high level of state intervention aimed at promoting the interests of big business and the City of London. That's unlikely to change.

But such a failure would render a progressive Scandinavian/US outcome to this crisis much less likely. In the downturn to come there will be increased hardship for millions of people. As the year progresses the people will be confirmed in their view that this government is largely responsible for all that has happened, is not protecting their interests and has failed to reform the system in line with expectations. It's when people lose hope that they turn to the right. I sincerely hope to be proved wrong. And what about Scotland? The overwhelming experience for Scotland in this crisis has been one of marginalisation and powerlessness. Far-reaching decisions affecting our two leading banks have been taken without any consultation with the Scottish Parliament - indeed one of our banks has been pinched from under our noses. It is possible that, in the short term, this could lead to a loss of confidence as the impotence of our Parliament is so brutally exposed? This undermining could possibly benefit Labour in the coming Glenrothes by election. But my guess is any such second thoughts and misgivings will be temporary. In the recession to come, the chances are that the marginalisation of Scotland we have experienced in recent months will only intensify. The social and economic strategies

adopted by the London parliament to resolve this crisis are likely to prove increasingly unacceptable to the people of Scotland. It is now also crystal clear that a Scottish Parliament which does not have control over the Scottish economy has feet of clay.

My strong feeling is that, as things are at the moment and for the foreseeable future, a new progressive political economy is much more likely to emerge in Scotland than it is in England. Our ongoing debate about the need for a new politics of the left now assumes added importance and urgency. I have suggested that the Democratic Left's Spring conference be given over to the theme of 'reclaiming the economy'. But who are we talking to about this 'non-devolved' issue? Who are we seeking to influence? Not Westminster. Our focus is the Scottish Government. Our assumption is that the economy is now an issue for the Scottish people.

***Doug Bain is a retired Educational Psychologist who lives in Glasgow. He also worked for many years as a full-time official for the Communist Party.***



# where the snow falls

## Peter Kelly looks at how the most vulnerable people in society will experience the effects of the financial crisis this Christmas

With unemployment increasing, the number of vacancies declining and repossessions starting to creep up we are now starting to see the real impact of the credit crunch. In this context perhaps now is not the best time to be talking about tackling poverty. But the pressure to protect people living on low incomes must be stepped up if we are to ensure that levels of poverty do not rise again. In this article Peter Kelly looks at who will be hit in the fallout from the credit crunch and what it means for the fight against poverty.

What a difference a year makes. This time last year many anti-poverty organisations were still considering the role of the 'new politics' in Scotland and what this could mean for the people they represented. Promises were being made by the new SNP Government regarding the extension of free school meals provision, for a local income tax that would be related to the ability to pay, and most interestingly, a commitment to reduce income inequality by 2017. There was little detail, but the signs that real opportunities existed to push forward the anti-poverty agenda in Scotland were there.

One year on and the context has been transformed. It is not the new politics that occupies many organisations now, but the return of what could be seen as the 'old economics'. The credit crunch has reminded us that boom and bust has not been abolished and that the UK, let alone Scotland, is not immune to the dramatic failure of neo-liberal economic policies in the US.

The bailout of some of our best known high street banks, a direct result of the credit crunch, has rightly been the subject of a great deal of media attention. Billions will now be spent intervening in a sector of the economy where business leaders

have been particularly virulent in their rejection of regulation. It is only right that we know how this investment will be spent and how we will regulate the sector in the future. But now as the crunch leads to recession, attention is turning to the effects on the 'real economy', particularly on the finance and construction sectors.

The Economy, Energy and Tourism Committee in the Scottish Parliament has recently taken evidence on the impact of the crunch - the discussions make grim reading. It was estimated that up to 30,000 jobs have already been lost in house development industry in Scotland (this covers surveyors, planners, sales staff and site managers as well as some construction jobs), and that the number of houses built could be cut in half by the end of the year, with only 12,000 completions. In the financial sector estimates of the number of job losses have varied, with commentators suggesting between 10,000 to 40,000 jobs will be lost as a result of the credit crunch. It also seems clear that the merger of HBOS and Lloyds TSB has also put at risk thousands of jobs in Scotland. These losses will inevitably have an impact on other sectors and will lead to further increases in unemployment.

At the UK level, claimant count unemployment increases have been the highest since 1992. In Scotland claimant count unemployment has increased to 2.4 per cent, the same as the UK rate and the rate of employment, which remains one of the highest in Europe, fell by 7,000. The European Commission has estimated that unemployment will increase to 2.5 million in the UK by 2010, and that the recession here is likely to last longer than in most other parts of the EU.

So it is clear then that the recession will have a significant impact on key sectors in the Scottish economy and we are likely to see big increases in unemployment. Given the importance that Government in Scotland and the UK has placed on the need to tackle poverty it is a little surprising, and worrying, that there has been relatively little discussion of what the coming recession means for addressing poverty. Of course, the commitments that were made (halving child poverty, reducing income inequality, etc.) were made before the recession was looming.

For those committed to social justice, the key issue regarding the credit crunch and the coming recession is the impact of these developments on the patterns of poverty and inequality in Scotland and the UK, and on the commitments that have been made by Governments north and south of the border to tackling poverty.

Scotland is seen in some quarters as having had a relatively good record in relation to tackling poverty over the last 10 years. There is little doubt that the decline in child poverty is very welcome, falling from around 1 in 3 of all children to 1 in 4. However that leaves around 250,000 people living in low-income households, hardly a figure for much rejoicing. And as a recent report from the New Policy Institute and Joseph Rowntree Foundation (**Monitoring Poverty and Social Exclusion in Scotland, 2008**)





pointed out, the decline that had been taking place has come to a halt over the last three years. But even then, the Rowntree/NPI report notes that 'the Scottish child poverty rate is now amongst the lowest for any part of Great Britain.' However, given the scale of the job losses that are expected, it seems very unlikely that we can avoid a return to increasing levels of child poverty.

What should also be of real concern in relation to the impact of the credit crunch are the recent trends in terms of poverty amongst adults without children. This is an area that has received little attention from policy makers over the last 10 years, with very few targeted interventions to boost incomes in comparison to the work supporting families with children or pensioners. According to the new NPI report this has resulted in the number of adults without children living in low-income households rising by around 60,000 in Scotland over the last 10 years. The vast majority of those are adults in households where someone is working.

This relative neglect of working age adults without children is of real importance when we consider where the credit crunch is likely to hit hardest. There are two key points that need to be emphasised. The first relates to the value of welfare benefits: the NPI report notes that for a large proportion of workless, working age adults without children 'there has been no increase in the value of social security benefits relative to inflation for at least two decades.' For these people then, the welfare safety net no longer provides any real security. As unemployment begins to increase, many more people will begin to discover the harsh reality of welfare reform.

The second point is that the problem of low pay is still long way from being solved. Recent consultation work carried out by the Poverty Alliance has highlighted the continuing impact of low paid employment, both for those working and people trying to get back to work. Participants in one consultation felt that there was little incentive for them to return to work when all that was on offer were jobs that paid the minimum wage. The jobs that were around could not provide the financial security that people required, and would not lift them out of poverty. The NPI report finds that there are over 500,000 workers in Scotland earning less than £7 an hour. Part-time workers, especially women, remain far more likely to be low paid and some rural areas, such as Dumfries and Galloway and Moray, have high proportions of workers in low paid jobs.

Workers in these low-paid and part-time jobs will become even more vulnerable in the recession and will feel the effects to a greater extent than in the past. We know that even low paid workers have taken on higher levels of personal debt than would have been the case 20 years ago. With little chance to have built up any real savings, low paid workers will be faced with the prospect of trying to manage high levels of debt. In this situation they may be even more vulnerable to moving into poverty than those who lost their jobs in the recession of the early 1980s.

**For the sake of those facing an uncertain future in Scotland, we must move beyond the old politics of blaming the poor and unemployed for their own situation, to a politics that values everyone regardless of their income or work status.**

The declining value of welfare benefits will also expose more people to poverty in the next few years. But it is not only the prospect of low value out of work benefits that faces Scottish workers who lose their jobs. The welfare system we have developed over the last 20 years is one that place far more conditions on claimants and where more than 13,000 people in the UK are 'sanctioned' every week for not meeting these conditions. We should also be very concerned with the proposals of the UK Government's recent welfare reform Green Paper, such as the idea of 'working for your benefit'. In the context of a recession the Government's welfare reform proposals will not help people back into work, but will only threaten already meagre incomes.

As we move into recession we are faced with the prospect of many more Scots being at greater risk of poverty. Jobs will disappear in many important sectors of the economy; jobs that are traditionally better paid. At the same time there will be pressure to keep pay increases down in many already low paid sectors. Alongside these problems, many more people are carrying crippling levels of personal debt that exposes them to real hardship if they lose their job. And finally, the welfare state, for many people, will provide little in the way of protection for those who are affected by the credit crunch.

This is not an encouraging context for those of us trying to fight poverty. The gains that have been made over the last 10 years could all be undone very quickly. Already, it seems likely that the investment required by the UK Government to reach the 2010 target of halving child poverty will not be made. But that fact that Governments in Scotland and at Westminster have made clear commitments to tackling poverty now becomes very important. It gives campaigners an opportunity to expose policies that are causing poverty and to put more pressure to invest in helping the poorest.

The emergence of both the Scottish Campaign on Welfare Reform and the Scottish Living Wage Campaign are important developments. Both of these campaigns have involved broad coalitions of trade unions, faith groups, community and voluntary organisations and are seeking to press for changes that will protect benefit claimants and low paid workers, and that will ensure that the impact of the credit crunch will be limited. How politicians and policy makers respond to these and other social justice campaigns will be a test not only of their commitment to tackling poverty in times of recession, but also of what the 'new politics' really means. For the sake of those facing an uncertain future in Scotland over the next two years, we must hope that we have moved beyond the old politics (and economics) of blaming the poor and unemployed for their own situation, to a politics that values everyone regardless of their income or work status.

*Peter Kelly is Director of the Poverty Alliance. For more information on the campaigns contact him at [peter.kelly@povertyalliance.org](mailto:peter.kelly@povertyalliance.org)*



# saving next christmas

We asked a number of writers what they would do to make sure that things are better rather than worse by this time next year.

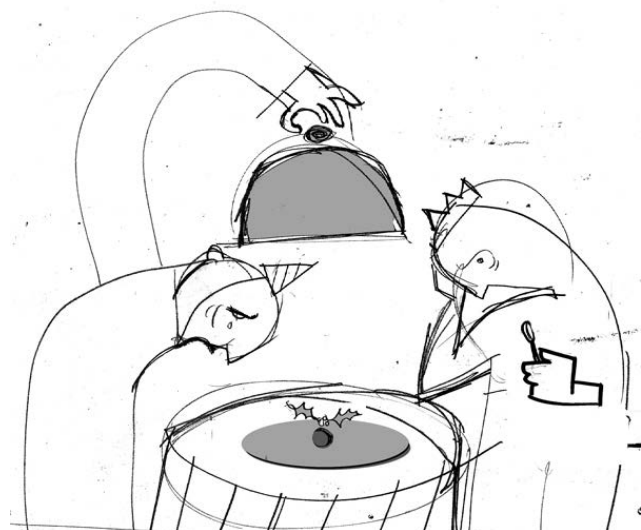
## Stabilise and stimulate

When the US government allowed the investment bank Lehman Brothers to go bust, the credit crunch finally went nuclear, precipitating a spectacular global banking crisis and sending stock markets around the world into a tailspin. At the time of writing in mid-October, fear of widespread bank failures has abated thanks to the emergency government rescue packages improvised over the past two weeks. However, as the danger of financial collapse recedes, the prospect of economic recession looms. In the coming months, the priority must be to prevent an ordinary recession from turning into a full-scale depression.

If no action is taken to limit the depth and duration of a sharp economic downturn such as we are now experiencing, or if governments do things that make the situation worse, the fall in spending – by households on consumer goods and by firms on means of production – will not only drive down sales, output, employment and incomes: it may also do lasting damage to business confidence. Eventually, every downturn bottoms out. But what goes down does not necessarily come straight back up. If confidence has been shattered and firms are pessimistic about future profits prospects, they will be reluctant to risk spending money on new investment projects, whether to enlarge production capacity, launch new products or install new equipment. If anything, they will seek to reduce capacity by closing plant and scrapping equipment. In these circumstances, economic activity may stagnate for years on end, as happened throughout the capitalist world in the 1930s. And once depression sets in, it is very difficult to engineer a recovery. In the 1930s, only two governments presided over successful recovery programmes: the social democrats and their allies in Sweden and the Nazis in Germany. In Britain and the US, the scourge of mass unemployment was only brought to an end by the great mobilisation of the Second World War.

So just as governments have intervened to save the banking system, they need to act promptly to shore up total spending. In principle, this can be done either by cutting taxes or increasing public spending. Tax cuts can be implemented quickly, but in a climate of fear and uncertainty, when many households and businesses are struggling to pay off debts, an increase in disposable income brought about by lowering taxes is more likely to be saved than spent. In the long run, if we are to rely less on credit, we need to revive the habit of saving. But here and now the problem is to combat recession. The government should, therefore, increase public spending, allow the budget deficit to widen and finance it by issuing new bonds. At a time when gilt-edged securities provide a safe haven from plunging equities, there is no need to fear that higher public borrowing will drive up interest rates. But just to make sure, the government should reinforce its fiscal stimulus by abandoning the inflation-targeting regime that was introduced in 1997, so as to make way for early and deep cuts in the Bank of England's base rate. This regime was designed to cope with home-grown inflation, not imported inflation. In any case, the upsurge in global food and fuel prices is subsiding. The danger we face today is deflation: falling prices. This must be avoided at all costs. If people expect tomorrow's prices to be lower than today's, they have an incentive to postpone spending if they can, thereby accelerating the slide into depression. This is what happened to Japan in the 1990s.

It will not be easy to rewrite the rules of fiscal and monetary policy in a hurry. Two obstacles in particular must be overcome. One is the widespread belief, assiduously propagated by the media and the Conservative Party, that the sharp rise in public debt arising from recent state acquisitions in the banking system, obliges the government to cut public spending and raise taxes. This is dangerous nonsense. Borrowing funds to acquire banks or shares in banks is a financial investment. This is quite different from borrowing to maintain demand for currently produced goods and services. Buying bank shares at depressed market prices should be a good deal for taxpayers in the long run, **provided** the government pursues appropriately expansionary fiscal and monetary policies today. But if it follows the example of its 1930s predecessors and vainly tries to balance the budget at a time of recession, it will make a bad situation worse, depressing asset prices still further and setting off a vicious spiral in which the value of private asset-holdings and the volume of private spending chase each other downward. To counter unfounded fears that deficit-finance will impose a burden on future generations of taxpayers, the government should prioritise projects that bestow lasting benefits on society as a whole, would not otherwise be undertaken and can easily be stepped up or eased off according to the needs of the moment. Given the urgent problem of climate change, the need for drastic cuts in carbon emissions and the signs that the era of cheap energy is over, the obvious candidate is a government-sponsored programme of home insulation. This would have the additional advantages of reducing household fuel bills and giving a boost to the building industry.







The second obstacle to a new macroeconomic policy concerns wages and prices. The aim of the inflation-targeting regime presided over by the Bank of England's Monetary Policy Committee is to contain the growth of money wages across the economy as a whole. If, for example, the growth of money wages threatens to exceed the growth of output per worker by a margin greater than the central inflation target – currently two per cent per annum as measured by the EU-standardised Consumer Price Index – the Committee raises the base rate of interest so as to curb spending, restrain economic activity and subdue the growth of earnings. Indeed, given the general weakness of organised labour, the mere threat of higher unemployment may suffice to keep wages in check. In effect, inflation-targeting is a system of wage restraint by remote control.

It would be neither responsible nor credible to ditch this system without providing a functional substitute. If money wages are not contained by rising unemployment or the threat of it, there has to be some other way of countering inflation. The democratic alternative is a negotiated incomes policy designed to protect the real incomes of the poorest groups in society and load the burden of restraint on to those with the broadest shoulders. The government could, for example, announce its intention to introduce measures safeguarding households at the bottom end of the income distribution and increasing taxes on those at the top end. On this basis, it would have the moral authority to seek a general, voluntary agreement on pay restraint. Social security scales are already updated annually in line with the Retail Price Index. It would be a relatively simple matter to extend this arrangement to the National Minimum Wage. At the opposite end of the income scale, the government could raise the higher rate of personal income tax from 40 to 50 per cent and increase capital gains and inheritance tax.

The next step would be to convene a national economic forum, comprising representatives of all the relevant stakeholders – from the government, Bank of England, employers' organisations and trade unions to sole traders, unpaid carers and students – to discuss how to promote economic recovery and reduce income inequality without stoking up inflation. And if this exercise in social partnership succeeded, multilateral policy negotiation could become a permanent part of the machinery of national economic management, a 'Green New Deal' creating the conditions for extending social ownership and democratic control over the economy, so that it contributes to human well-being and ecological sustainability, rather than personal insecurity, social decay and environmental degradation. ■

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## Contain and reclaim

At time of writing the financial crisis is just that – with minimal impact on the wider population. Albeit unemployment is edging up, the reality is that the numbers of the employed has never been higher. Scotland has a higher proportion of public sector employees who are relatively immune to financial crises. Governments are showing a readiness to maintain effective demand through the crisis and there is no need for panic. But there will be a few people who will be more uncomfortable this Christmas.

The losers are:

- In the bloated financial services sector. But I argue that for too long the Financial services industry has acted as a parasitic layer on the rest of the economy and has grown fat at the expense of the rest of us. It was they that needed high interest rates to attract hot money, it was they that encouraged high levels of personal debt and it was they that fed the rise in house prices. Now the ambition of the UK to become the financial centre of the world looks like hubris. And look at it from a personal point of view: if you have real skills then there may be opportunities in Dubai and Mumbai where the weather is better. Ones left behind can look for more fulfilling work in the real economy. They can't complain as they have been trained to know that markets can go down as well as up.
- Those with private pensions invested in equities looking to retire immediately. The answer is that individuals should maintain their funds in their pensions until indices rise again – don't forget the money hasn't gone away but is waiting to re-enter after the bottom has been reached. They should ask to work on ... It is better for people and economically positive for people to work if they can anyway. If they are in poor health they should negotiate with their pension funds to get more rapid draw-down of their pensions. One of the Scottish scandals is that not only do the Scots die sooner but they lose out more from their pensions. Perhaps the government in Scotland could negotiate to help individuals in this situation by buying up annuities.
- Those businesses that need short term capital to survive. This is where we should be most worried and insist that banks do provide liquidity. If necessary the Government should provide earmarked funds for this purpose.
- Those in personal debt who may find their houses repossessed and declared bankrupt. Without wanting to trivialise the pain I would argue that in a world of declining asset values (at least in the short- to medium-term) it may be best for individuals and businesses for this to happen. They have been induced to take risks they cannot afford. Better to admit it sooner rather than extend the pain. Houses can be taken into public ownership and rented at market values (i.e. lower values) and offered back to those who would be homeless otherwise. Companies can be put into receivership and put on their feet as going concerns.

So if the financial crisis can be contained not too many people will be directly affected. There is a general effect that will be registered from a write-down in equity values but there is still time for these asset values to climb off the floor.

The other side of the coin though, and what I pointed to earlier, is that there can be positive returns from a shift in strategic direction. Where does the future of Scotland lie? Is it in developing a financial services industry to compete with the world? Or in other directions? I have argued that there is an opportunity to diverge from a high interest rate, high exchange rate economy structured to support financial services at the expense of high levels of debt, risk and inflated asset values. Scotland should be advocating membership of the Eurozone and the policies of the European social model. The Anglo-Saxon model has been thoroughly discredited and we should stick the boot in.





In return Scotland needs to manage its own assets much more carefully. It owns oil, gas, wind, and tidal energy resources. Its seas should be reclaimed and managed for long term sustainability. Agriculture should be refocused on high added-value production rather than animal feed. Scottish universities should be encouraged to expand and attract English and foreign students. Tourism can be encouraged by first a more competitive exchange rate and then higher standards in cultural and hotel and food services. Industry can be encouraged by lower interest rates and exchange rates. Credit can be channelled into industry rather than personal consumption. The quality of people's lives can be promoted by transforming the national diet by mandatory high quality school meals and breakfast clubs. Building standards can be improved with subsidies for insulation, efficient central heating, CHP schemes, etc.

In effect there is an opportunity to make Scotland more like Europe than England over the last twenty years. An economy focused on industry and high quality public services. Lower levels of personal consumption and debt. Lower property prices and a regulated financial services industry. So what would I offer to stop people suffering next Christmas?

**Faith.** We have to give them confidence that there is a better way. We need to substitute blind faith in the market with a government and national culture confident in being able to live in a trading world to provide both high quality social and economic welfare in close cooperation with other nations in Europe.

**Understanding.** Rather than being blindly herded into a high consumption, high debt lifestyle people can come to understand that a less risky, more predictable life can be satisfying and positive.

**A Strategic shift.** To pursue a national strategy better able to deliver sustainable results. Repudiate a country run by financial services for financial services.

**Simple, effective reforms.** Pension reform, ensuring that good businesses receive liquidity, bringing houses repossessed into public ownership using accumulated housing funds. ■

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## A Green New Deal

In recent weeks, the modern globalised capitalism has gone out of its way to demonstrate that it can't look after itself. If the current crisis is the film **Home Alone** then international finance has attempted to protect the Christmas presents from burglars not with ingenious traps, but by burning the house down. As a result, even the most avowedly laissez-faire of governments, that of George Bush (remember him?), has been forced to nationalise the bulk of the US mortgage lending sector. On this side of the water, the government resisted briefly but was forced to take ownership of Northern Rock. A friend recently accused me of having successfully predicted 10 out of the past two recessions. It may be my naturally sanguine personality, or it may be that each time those recessions were averted, the creation of more debt and the move further towards a service based economy made the inevitable recession much, much worse. More borrowing fuelled more economic growth, but we

all know what happens when the cure for a hangover is more drinking. What we are seeing now is effectively the product of a 10-year drinking binge. While there were brief periods of sobriety after the dot com bubble burst, and after the World Trade Center attacks, we have experienced collective economic drunkenness for most of the past decade.

Greens have never supported the neo-liberal consensus. Never have we bowed down to those who hubristically dubbed themselves 'Masters of the Universe'. While many of the commentariat are already proclaiming the death of green politics, such predictions are based on a profound misunderstanding of Green politics. No longer are people attracted to Greens just by an interest in the environment. People are attracted to Greens because they understand that only Greens have a political analysis that accounts for what has happened over the past year. In 1929, when buccaneer capitalism last crashed onto the rocks of a depression, it was Roosevelt and the New Deal that answered the new economic questions that were posed by the collapse of post-First World War capitalism. If anyone has the answer to this crisis, it's likely to be the Greens.

The Green New Deal lists a number of ways in which the twin challenges of climate crisis and the economic crisis can be addressed. The document was produced by a group including new Green Party of England and Wales leader Caroline Lucas, Larry Elliott of the Guardian, Coin Hines of Finance for the Future, post-colonial debt expert Ann Pettifor and former Friends of the Earth Director, Charles Secrett. Among the key asks is a massive economic transformation towards a low carbon economy. This can provide a massive expansion in skills and jobs. It will make every building to some extent self-powering, decentralising demand for energy and giving power, quite literally, back to people. By pushing for a windfall tax on the massive profits of energy companies, a Green New Deal would invest in insulating every house from both the cold and rises in energy prices. The transition to a low carbon economy will take time as well as money, and the planning must start now. It is tragic that the Scottish Government is desperately trying to raise the £4 billion for an unnecessary second Forth Road Bridge when that money would ease the transition to a low carbon economy for the whole nation. The serious business of raising finance to invest in creating a socially just and sustainable future requires a range of solutions. These should include ways for individuals and organisations to invest savings and reserves in mitigating the effects of climate change and dynamically redirecting the economy.

The clear indication from international development organisations and domestic poverty activists is that climate change is going to hit the poorest hardest. This means that the efforts to price carbon must take account of poverty levels. The Scottish Greens are in favour of domestic tradable quotas. The quota would be determined by dividing the national emissions to create individual allowances – the national allowance would reduce every year to tackle climate change. Individuals that use less than their allowance could sell any surplus, while those consuming more would have to buy more allowance. The net effect would likely be that those on lowest incomes would be able to trade their allowance and gain income. This would act to redistribute wealth while also helping to stop climate change.

The Green New Deal contains a number of macroeconomic plans that aim to deal with the excesses of global capitalism.



As we are all now aware global capitalism has overtaken us in this plan and has curbed its own excesses by threatening to collapse. It is, however, important that the response to this near-collapse is to address the underlying problems. Recently I saw a piece of graffiti on a doorstep telling the inhabitants of the block of flats that the government was tracking down benefits cheats. For too long the state has persecuted the very poorest while allowing corporate raiders to pay no tax at all on their plunder. At a time when the economy is contracting, it is all the more important that those who benefit from our society pay their share. The deduction at source of tax on all income paid to financial institutions in tax havens could effectively reduce the level of corporate tax evasion. The Green New Deal draws on the response of government to the economic downturn of the 1930s. Given the severity of the current downturn it is appropriate to respond with similar measures. Few doubt that the current economic crisis is the worst since the 1930s. The re-regulation of domestic financial bodies should form a priority. This should involve a reduction of the interest payable on government bonds – encouraging investment in new energy and transport infrastructure. Inflation should be controlled through effective regulation of the broader economy.

The current financial crisis is characterised by the collapse of financial institutions that, over the past decade, showed a profound inability to understand why the same company should not operate across several areas of activity. The same institutions were insulated by the hubristic notion that they were 'too big to fail'. Lehman Brothers proved this hubris to be fatal. The recovery from this collapse must not involve the creation and promotion of more mega-banks. For this reason the merger of Lloyds TSB and Halifax Bank of Scotland is deeply foolish.

The same bank must not be allowed to operate in any retail banking, corporate finance or securities. By ensuring that all financial operators are small enough that their failure does not threaten the future of the domestic economy, we can avoid any future sequence of insolvency.

The Green New Deal represents the most comprehensive explanation to date of what a Green economy would look like. It would create an economy based on low carbon energy, efficiency and equity. It promotes quality of life over the pursuit of a quick buck, and in doing so gives the stability that allows people to live healthy, fulfilling and happy lives. I hope that's what people want the economy to deliver, and it's an economy I would love to help deliver in Edinburgh, Scotland and globally. ■

*Maggie Chapman is the Green Councillor for Leith Walk Ward in Edinburgh and is the Green Finance and Economic Development spokesperson in the City of Edinburgh Council. She is a lecturer at Napier University.*

### Convert a crisis into a revolution

The recession sparked by the credit crunch of 2008 is having such a profound effect that prominent writings from the past are being taken from the bookshelf and dusted down on a daily basis. Not only is Marx's writing again seeing a revival amongst the general public but Keynes has been rediscovered by policymakers with counter-cyclical government expenditure now the flavour of the month across the globe. The significance

of these upheavals should not be underestimated. Marx's philosophy that quantitative change gives rise to qualitative change resulting in the recognition that 'all that is solid melts into air' can be aptly applied to the present crisis. Nothing is now impossible in order to rescue capitalism.

Financial commentators' optimism in the past period of growth is now only surpassed by their pessimism in the future. Only this time no one can be sure if they are exaggerating. Just one example of the extent of this pessimism can be gauged from the investment discussions currently under-way in the financial press. Buried in the **Financial Times** finance section in late October 2008 (*Financial Times*, 25th October 2008, Money section, p.7) was a series of articles on the limitations of with-profits policies for investors. While this arcane discussion, of the losses derived from stock-market investment and the suggestion that investors should incur the Market Value Reductions in order to remove their funds from investment companies, seems irrelevant to all but a tiny minority. However, consider the following; every single individual in the UK who has either a pension based upon stocks and shares, a life insurance policy or an endowment-based mortgage is the group at the focus of this discussion. Norwich Union alone, for example, has over 1.3 million policy-holders of this type of policy. If these policies turn out to be worthless, as the discussion implies, we are seeing the wholesale impoverishment of the better-off working class and the middle classes. Only those at the bottom or very top of the wealth distribution are likely to escape this latest debacle of the financial sector. All those who have attempted to save to improve their position are going to be robbed by the crisis. The polarisation taking place within society as a result of this crisis is going to be drawn very far up the income distribution.

Intellectually too we are seeing a redrawing of the political debate. The *Financial Times* is probably the most amusing example of this intellectual revolution. The paper has become the leading organ calling for state intervention in the market with Martin Wolf boldly stating "It is time for comprehensive rescues of financial systems" at the beginning of October only being surpassed by the middle of October with its editorial entitled "Nationalise to save the free market". This revolutionary thinking at the heart of the capitalist establishment is not unchallenged. Readers' shock and horror is exhibited in its letters such that by the end of October they were stating that the 'FT's swing to the left goes too far with Keynes'. (See M. Wolf, 'It is time for comprehensive rescues of the financial systems', 8th October 2008, p.17, 14th October 2008, p.16 and J.D. Reitz, 'FT's swing to the left goes too far with Keynes', 25th October 2008, p.10.)

While such twists and turns of the ruling pro-market ideology are hugely amusing they underlie a much more significant development in the divisions over how to deal with capitalism's crisis. Lenin's first condition for a revolution, a ruling class unable to rule in the existing way, seems to be rapidly emerging. The current crisis of capitalism is without doubt one in which the old order of neo-liberalism and globalisation is being buried under Keynesianism for Capital. Governments around the globe have focused upon a Keynesianism for Capital but have steadfastly refused to develop a Keynesianism for Labour. So unemployment, repossession and impoverishment will characterise the current recession, while profitability for bankers, hedge-funds and speculators will be underpinned by government guarantee and expenditure.



Lenin argued that revolutions also require a working class that is no longer prepared to be ruled in the same way and a revolutionary organisation capable at channelling revolutionary movements to overthrow capitalism. This leaves those on the left with a challenge; how can they ensure the second and third of Lenin's three elements can be developed? Fortunately perhaps, resistance to neo-liberalism around the globe has been a recurrent theme of social conflict throughout the past twenty years as globalisation deepened. Whether in Latin American social movements, food protests on a global scale, trade union struggles in European economies or the resistance to US and British led imperialist war in Iraq and Afghanistan working classes globally do not seem readily prepared to be ruled in the same way. The current failure of governments to provide Keynesianism for Labour will undoubtedly intensify these struggles for equality, justice and peace.

The extent to which Labour's impact is felt on the ruling classes and challenges the agenda of the new-Keynesian governments will be of upmost importance in 2009 as recession emerges. Simultaneously, the challenge for the left is in creating a political representation for the working class which provides an economic alternative to capitalism. The capitalist crisis does in fact resolve two key debates for the Marxist and non-Marxist left during the past twenty years; that of the degree to which globalisation permits a transcending of traditional constraints on economic growth and the extent to which globalisation undermines the role of the state. That globalisation has been predicated upon the growth of speculative investment, investment which would have in other periods led to increases in fixed-capital formation has now become apparent. Financial investments, securitisation and the wider growth of financial markets provided returns to holders of capital while speculative growth continued. Growth could only continue as long as the assets underpinning financial markets were deemed to be rising in value. However, once a halt to rising asset-based financial investments prices occurred the financial sector, and the derivatives market which emerged from it, ensured the financial crisis spread to all sectors of the financial markets. In a globalised financial world financial de-leveraging becomes a transmission belt for the financial crisis moving into the productive economy. The 2008 credit squeeze ensured that previously profitable productive capital now becomes unprofitable. This is what we are now witnessing.

Thus for the left the creation of a politics which places people before profit and planning before the market is of rising importance.

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### Dismantle neo-liberal ideology

Well, you'd think it was an **economic** crisis. The airwaves and the news pages are filled with people who think we can escape our current crisis through the short-term application of economic policies. Then again, an awful lot of them don't want to escape the crisis at all; they just want to avoid a part of it. Because the crisis isn't economic – that is a symptom. It is epistemological.

The crisis is the result of the Masters of the Universe seizing almost complete control of the means of political influence. Mussolini described fascism as "a merger of state and corporate

power". We were more or less there. I have described elsewhere (**No Idea**, SLR Press) a 35-year project to persuade the public that politics can't really change anything so they might as well shop. It hasn't been about defeating the labour movement to the benefit of capital but rather it has been about defeating the belief that a labour movement is possible to place capital in complete, untrammelled control. The crisis is really about the conquest of fundamentalism, the defeat of hope and belief, the crushing of dissent and the imposition of one, national ideology. Collapsing banks are simply one expression of the problem. There are lots of people who don't want the problem solved. Make no mistake; no-one is chastened. No-one is really admitting they are wrong. No-one involved is articulating a case for anything different. Rather we are listening to strategies designed to get us back to where we were. This is not a revolution; so far it is more like the Spanish Inquisition – a desperate, slightly surreal attempt to make something 'true again' through means which must be forgotten about if they work because they contradict their ends.

So let us think about this problem from two directions. Looking from where we are, the problem is that the blatantly obvious (that the untrammelled, under-regulated greed of a tiny minority is not an effective way to run any kind of show) was hidden and disguised through the ideological double-think of neo-liberal capital. Other writers in this issue will almost certainly cover this ground – massive debt ratios, inflated house prices, financial products no-one understood, non-existent accountability. To believe that this was anything other than dangerously dysfunctional and destined for collapse you had to believe the proposition that 'reality-based' measures did not apply to the Magical Market. We created a world in which numerals could function without any relationship to the real-world things they were supposed to be counting. The belief that politics could only undermine this economic order was one of the few things the neo-liberals got right. Unfortunately, that was exactly the only thing that could have saved us.

But anyone who thinks that this is the first expression of the problem has been asleep. As this article is supposed to focus on solutions there isn't much space to look backwards, so we shall select on simple illustration. The cause of the collapse of Lehman Brothers is more-or-less exactly the same as the cause of the Iraq War. In both cases belief in an Absolute Truth triumphed over reality, evidence, actual truth – call it whatever you like. Weapons of Mass Destruction pointed at our heads and ready to launch in minutes is qualitatively much the same as a Collateralised Debt Obligation – a fairly tale necessary to the functioning of an operation which is Above Accountability. Third World debt, the collapses in countries like Argentina, growing inequality, frozen social mobility, even the re-sexualisation of women are all part of this crisis. It's just that these frogs were boiled gradually.

So what do we do? Firstly, nothing here is meant to be an alternative to the types of progressive economic measure which we need to take to ride out this downturn. Yes we need a Green New Deal. In Scotland we should also rediscover the other interesting parts of the FDR New Deal such as the support for artists, writers and other creatives and the pumping of money into academia. A Green New Deal is a starting point, but if by the end of this all we have transformed is our lofts we will have missed the point (and make no mistake, that's what lots of commentators actually mean – short-term jobs for undesirables

filling roofs with insulation, keeping them ready to step back into what ever form of wage slavery the 'free market' demands when the time is right). We need to match a Green New Deal with a Creative New Deal and an Intellectual New Deal. We must stimulate the economy, but we need to stimulate our minds and our souls because these are just as much victims of the crisis. We should expand university participation, partly for economic reasons but partly to signal a change in direction from the 'quick buck' strategies of recent years. And we should plough money into the arts in Scotland. There are so many reasons for this it is hard to list them – the fact that people turn to culture in hard times is a key one and the fact that this is an industry in which Scotland will still be competitive once the crisis is over is another. Spending £100 million to build a road which will do no more than slow down the decline in the construction industry is short-termism. Spending the same money to establish a Scottish-run television channel would create probably as many jobs, but these jobs would have a chance of still being there in five years.

But this is How to Survive For Now. In the longer-term we need to do the things which will address the crisis which caused the crisis. For now, here are four areas of action where we must engage the enemy:

- **We must reform politics.** Democracy is in a mess and it needs to be straightened out. Step one would be to introduce proportional representation at Westminster. First Past the Post is the political equivalent of a member's club you have no chance of joining. All but a tiny handful of MPs are nothing more than window dressing. And that handful are all holidaying on the yachts of people who are virtually fictional characters – symbols more than people. We need to break up the big parties so there is balance and plurality. We need to rip up many of the institutions and start again, or at least drag them out of the shadows. Sure this means the World Bank and the IMF, but it also means the European Union which is now largely functions a counterweight to European plurality. We need all the powers we can get in Scotland and probably full independence (remember, the UK and the US are the womb of this crisis from whence all the disastrous progeny set forth). We also need to ratchet up freedom of information legislation substantially – there should be absolutely no such thing as 'commercial confidentiality' in the public domain. We need to dismantle much of the secret state. Intelligence services are not really about catching would-be terrorists but about ensuring hegemony. And globally we need some form of democratic accountability. Let's make every decision of the United Nations a straight majority vote of the General Assembly for a start.
- **We must reinvent the means of knowing.** This first and foremost means the media. Everything which is now happening could have been prevented by newspapers. A scary thought perhaps, but just a bit of dissent from somewhere might have made all the difference. Instead the print media basically split into two groups – one for the elite reassuring them that there was simply no way they could be wrong, the other for the drones to distract them with tits for the boys and shoes for the girls. Introduce a system of licensed franchises spread among a wide and representative group of non-profit trusts chosen to create

balance and diversity of political view. Ban advertising in those papers to reduce further the influence of big business on what we know. Reforming television is becoming more difficult, but perhaps every broadcaster ought to have a public service role and ought to have to demonstrate it if the national resource of electromagnetic wave spectrum is to be theirs.

- **We must re-educate.** Step one would be to turn the school curriculum upside down. The primary goals of instrumental skills and obedience with secondary goals of free thinking and wide knowledge base must be reversed. No-one ought to be able to leave school knowing how a Bunsen burner works but with no idea of how the world works. We also need to make education a core part of work with a statutory amount of paid time being dedicated to learning unrelated to core job roles. This should be a role the trades unions take on with zeal. Ignorance must be the victim of this crisis just as we are all now victims of ignorance.
- **We need to change the episteme.** Defined as the 'way we think', we need some big changes. To be honest, it is probably too early to dive in with suggestion about how that should be done. So we should start a proper debate about what and how and we should start it now. To illustrate what we might be talking about, we need to rethink attitudes to consumption and waste, to mind and the intellect, to definitions of 'truth' and 'evidence', to notions of the social roles of people and to defining what is 'productive'. And one last thought to get this started – if we need to think about what we do want from our values we could also consider what we don't want. Let's kick off with some trials at which whose unacceptable behaviour got us into this are held to account. Yes, these would be show trials in the sense that they are there to send a message, but this after all is the function of all trials. We wouldn't have to lower the burden of proof to find guilt. That in itself would show us something.

Which would be a start.

*Robin McAlpine is Editor of the Scottish Let Review*

## Find the leaders

Who or where is the Oskar Lafontaine of British politics? This may sound a strange question to ask right now. According to some in the labour movement, Gordon Brown has renewed his left and leadership credentials by his response to the turmoil in the financial markets. His 'stock', if you will, with the public has seemingly risen somewhat as a consequence of this response. Some are now saying all is not lost for Labour in the forthcoming general election. According to this school of thought, he has acted decisively and robustly – so decisively and robustly that the soft left rebels in the Parliamentary Labour Party have declared a cessation of hostilities with Brown in this time of what they call national crisis. But this has been state intervention to support capitalism, not state intervention to secure social justice. To be blunt, if this is the conclusion from some in the labour movement, then they are asking the wrong questions about 'what is to be done' as capitalism heads towards a huge recession that the ruling class wants to make workers pay for.



So the Lafontaine question - as it shall become known - is still a very pressing one in Britain. Lafontaine was finance minister in the social democrat (SPD) Schroder government in Germany. As the SPD moved so far to the neo-liberal right, Lafontaine declared that 'enough was enough' and made the break in 2005 to form the precursor to the Left Party (Die Linke). The Left Party now has a significant presence not only amongst state and federal parliaments but also amongst workers and trade unionists (see SLR January-February 2008 issue for Victor Grossman's article on Die Linke). It is not an exaggeration to say that Lafontaine's decision to leave the SPD transformed the political situation, making what would probably have been another ill-fated attempt to form a viable and substantial left party become exactly that - a viable and substantial left party. Of course, this could not have been done without grassroots activism on the part of many. They were the necessary forces but they alone were not sufficient to create the success that Die Linke has become. Lafontaine was what made the forces of Die Linke move from being not just necessary but also sufficient to become a viable and substantial left party. He is currently joint chair of the party.

Brown and new Labour's response to the financial turmoil is such a momentous event that the left must sit up and take stock of it. It is a 'Clause 4' moment when 'new' Labour so starkly showed us its true colours. We should not be fooled by the cloaking of this action in the language of protecting hard working families or stabilising the economy. We need only look at the extremely lenient terms for the bailouts again to be hit by the lack of a **quid pro quo** from the banks. These are loans from cronies to friends. If the motivation was not to resuscitate capitalism and the capitalists but rather protect working people then we could have rightly expected to have seen the following: much stricter conditions for the bail outs, full control over executive remuneration, social inclusion in banking practices, a much more powerful and dirigiste Financial Services Authority imbued with social welfare morals, workers directors on the boards of the banks, no redundancy programmes and no house repossessions. And the slide of the economy into recession could have been prevented by reflating the economy through public sector expenditure not bank bailouts.

But, of course, we did not see any of this, which demonstrates two things. First, ideologically, the Labour Party is no longer a party of labour. Second, that the Labour left or affiliated unions do not have the sufficient strength to impose these kinds of conditions on the party leadership. Whether this writes off the Labour Party forever is a major and continuing debate. Certainly, in the short-term there is little to be gained from hoping or even praying Labour will change its errant ways (because they are not errant but pathological).

What should be of less debate and controversy is that if Britain had an Oskar Lafontaine (along with a Die Linke) then the left would have been able to successfully press for some of these conditions to the bailouts. Such a phenomenon in this country would have allowed Labour to be pushed to the left from within as well as from without. Arthur Scargill, Tommy Sheridan and George Galloway were Labour Party members but the left-of-Labour political projects that they led are now busted flushes compared to what they used to be. A Scottish Socialist Party (and/or Solidarity) and a Respect with an array of elected representatives at different levels would no doubt have been a boon for the left in these circumstances. But they would not have transformed the political situation sufficiently.

When we turn to look at the possible candidates inside Labour today, John Trickett and Jon Cruddas of the Compass group do not measure up. Their left credentials are not that left. Something similar could be said of Michael Meacher. But even if this was not the case, they are just not big enough hitters. So the likes of Tony Benn, John McDonnell, Alan Simpson and Jeremy Corbyn come into view. Bar Benn, all are still MPs and Benn is unlikely to move from his unshakeable belief in the cause of the Labour Party. John McDonnell has a much more sophisticated analysis which stresses that the issue of staying with and try to 'reclaim' Labour is an extremely contingent one and he has done more than any other Labour left MP to renew and expand the left through the Labour Representation Committee and his attempted leadership bid. But the fact that he could not get on to the ballot paper - indeed was not allowed to by Cruddas supporters and various union leaders - means that he did not achieve a lift-off into the public consciousness as a formidable socialist leader and tribune of the people that could have been otherwise gained by challenging Brown in a ballot.

So we are left in a continuing political paralysis for the left. We are reaping what we have collectively sowed. We cannot really turn events like the financial turmoil and economic crisis into opportunities because we lack the credibility and connection with a large mass of ordinary people. We cannot go from 0 to 60 mph as is necessary because we certainly lack the petrol to do so and maybe an engine and a few wheels as well. A Lafontaine would better allow us to make that necessary leap. But is that just a leap too far for the left in Britain? Certainly, there are aspects of the political set up here that militate against such an emergence compared to Germany - we do not have a system of PR for Westminster, no left party has become embedded to the extent of the PDS as a well-spring for a subsequent development and so on. Over and above that, many on the left would probably decry having such a popular - even celebrity - leader after its travails here in regard of both Tommy Sheridan and George Galloway. But right now, a radical leader that could be a genuine tribune of the people - eloquent, articulate, heartfelt and with a mainstream British-wide platform and substantial following - would be the biggest single boon to stimulating and engendering a fight back.

***Gregor Gall is Professor of Industrial Relations at the University of Hertfordshire and a regular contributor to the Morning Star and the Guardian's CommentisFree.***

## Regulate and rebalance

The US economist Thomas Palley describes the principal impacts of financialisation as (1) elevating the significance of the financial sector relative to the real sector; (2) transferring income from the real sector to the financial sector; and (3) contributing to income inequality and wage stagnation. It is a persuasive analysis. The 'financialised' economic model, pursued with particular vigour in the US and UK, didn't lead to greater prosperity for all: it generated moderate GDP and productivity growth, an exponential rise in income and wealth inequality and a decline in social mobility.

Its unravelling over the past year was also utterly inevitable. The mantra of 'no-one saw this coming' was often repeated over late summer/autumn 2008 but the claim doesn't stand





up to the merest scrutiny: books were written explaining the consequences of burgeoning cheap credit. The failure of the financialised economy was just as inevitable as ordinary working people carrying the can for the recklessness of bankers.

While the events of autumn 2008 have laid bare the fragility of an economic model built on ever expanding household debt-income ratios and corporate debt-equity ratios, the crisis has also highlighted the paucity of economic thinking emanating from Scotland's political parties. The First Minister blames 'spivs and speculators' for the collapse in HBOS's share price and demands tougher regulation. Meanwhile his ministers continue to tour the country promoting laissez faire and his Government's six point plan to beat recession hints at reducing regulatory 'burdens' on business. The Labour Government's minor Keynesian revelation arrived appallingly late in the day. The PM's complacent belief that financial services will forevermore drive growth has been blown apart and the recession is bound to be exacerbated by an independent Bank of England working to a tight inflation focused remit.

Perhaps the most revealing statement through the crisis was David Cameron's assertion that 'we must not let the left use this as an excuse to wreck an important part of the British and world economy'. Wreck what exactly David? Could 'the left' really outperform the master of the universe in this regard? Very few people will have any confidence whatsoever that the Tories will prioritise the interests of working people over those of their friends in the City. Perhaps Annabel Goldie should outline her detailed views on effective regulation of finance. The financialised economy didn't therefore represent the failure of one political party - it represented a failure of politics. No coherent, persuasive alternatives were developed by other parties. Indeed, the Government was regularly attacked for an over-supply of regulation.

But with crisis comes opportunity. We are probably facing a once-in-a-generation opportunity to introduce real change to the economic model that has served us so poorly. The approach should be three-pronged: effective regulation of financial markets, rebalancing towards manufacturing and action to tackle economic inequality and insecurity. Events of this autumn have only served to highlight the vacuity of the anti-government crusaders on the fringes of Scottish politics and media. The free-market economy is a myth. Regulation is a public good. Successful economies require appropriate Government oversight and intervention.

Financial markets require more effective regulation as a matter of urgency and the priorities must be the bonus culture, capital reserves and the trading of derivatives and securities. It should be borne in mind that the current consensus in favour of more stringent regulation will soon evaporate. But more effective regulation is only part of the story. The economy must be rebalanced - policy should now emphasise stabilising and growing manufacturing investment and employment.

A priority for the Scottish Government should be to establish a Scottish Investment Bank to provide patient, committed long-term capital to growing Scottish companies. This should build on the success, and seek to extend the work, of the Co-Investment Fund. The failure of Scotland's financial sector to support emerging Scottish industries constitutes a structural problem and should be addressed as such. Government, working

with stakeholders and using all the levers available to it, must also design and implement a low carbon industrial strategy for Scotland. The failure to generate more jobs from our renewable energy endowment is a national disgrace. The market alone will not deliver. Government at all levels must act to ensure that Scotland achieves real job growth from development of environmental industries. Following the recent publication of the UK Government's Manufacturing Strategy, there should also be a thorough consideration of whether Scotland requires a stand-alone manufacturing strategy or whether the Government's Economic Strategy and priority industry sectoral plans are sufficient in this regard.

Other areas for action include should be sectoral public procurement strategies and investment in science, technology, engineering and maths (STEM) skills. This will also require a renewed focus on in-work training. The last area for action is addressing economic inequality and insecurity. With the end of the unsustainable 'financialised' economy, there now exists an opportunity to build a society where the fruits of sustainable economic growth are broadly shared with those who create that growth each day of their working lives. To do this it will be necessary to create an economic architecture that reconnects a strong, flexible economy to the living standards of all, not just to residents of the penthouse. A complete overhaul of the taxation framework is a good place to start. This should aim to produce a system which is truly progressive, ensuring that all income taxes have progressive rates and that indirect taxes operate with exemptions to assist the poor. It must also ensure that the capital gains tax regime does not offer significant tax incentives when compared to income taxes. Fair and proportionate inheritance taxes remain necessary and we must start to hear politicians outline why. The recommendations on corporate taxation included in this summer's Green New Deal report should also be implemented.

Of course, there should be no greater force for economic equality than the trade union movement. Paul Krugman, recently awarded the Nobel Prize for economics, observed last year that, "International comparisons suggest that a newly empowered US union movement would make quite a lot of difference in reducing inequality. The sharpest increases in wage inequality have taken place in the United States and Britain, both of which experienced substantial falls in trade union membership". It is now evident that the economic and social model pursued by successive governments over the past twenty years has failed. Contrary to popular perception structural changes have not readied Scotland (or indeed the UK) for the global downturn - rather, they have weakened our ability to cope. The period of broadly shared growth post-second world war was underpinned by strong trade unions, sharply progressive taxation and controls on the free movement of capital - there is no reason that similar policies cannot ensure that growth is once again more broadly shared.

***Stephen Boyd is Assistant Secretary at the STUC***

# time for shape-shifting

John McAllion reflects on the fall of Capitalism as we know it and how the New Labour UK Government will need to adjust to face the consequences

In the Communist Manifesto, Marx argued that what distinguished "the bourgeois epoch from all earlier ones" was the dynamic of constant and pitiless change. In a poetic turn of phrase, he warned that under capitalism "all that is solid melts into air, all that is holy is profaned". For Marx nothing in capitalism is ever 'fixed' or 'frozen'. All is relentlessly subjected to revolutionary transformations that alter the means of production and with them "the whole relations of society".

Rarely have the written words of an economist been so vindicated by subsequent history - all the way up to and including this latest stage of capitalism, in which the old certainties of easy credit, eternally rising house prices and never ever ascending living standards, have all suddenly been turned upside down. We now find ourselves entering the rapids of an economic recession that our economic and political masters never saw coming. Their promise that open, competitive, deregulated economies would secure the future for the many has turned to dust. Instead, this Christmas will see hundreds of millions of homes around the world haunted by the spectres of unemployment, homelessness and want.

There are, of course, consequences that flow from the collective failure of these masters of the universe. Many of the megastars of monopoly finance have been laid low. Alan Greenspan was widely acclaimed as a colossus who strode the economic firmament during nearly 20 years as chairman of the US Federal Reserve Bank. He was hailed as the father of a new economic age that was delivering ever expanding wealth and soaring profits. He was gratefully lionised by successive US Presidents, among them Reagan, Clinton and both Bushes. On this side of the pond, the second New Labour government first secured him an honorary knighthood from the Queen. Gordon Brown then invited him to deliver the Adam Smith lecture in Kirkcaldy, introducing him as "the world's greatest economist", before appointing him as honorary adviser to the Treasury. Greenspan

was the guru of the New Economy, the lodestar by which New Labour and every other modernising government steered its economic policy. Now he stands condemned as the architect of the 'Great Crash of 2008'. He takes the blame for protecting the dangerous derivatives market from regulation and leaving the markets to manage risk on their own. He carries the can for making possible the toxic mortgage-backed assets that brought the whole pack of financial cards crashing to the ground. He

is accused of ignoring warnings about these financial weapons of mass destruction, of misreading the institutionalised greed and stupidity of banks and investment companies. Suddenly, no leading economist or politician wants to know him or to admit that they ever took him seriously.

Greenspan's reputation for economic wizardry lies in tatters. In time, so too will the economic reputations of those politicians who followed and honoured him, among them Gordon Brown. New Labour's claim to have broken with its Old Labour past, by showing that a Labour Government could successfully run a free market economy in the interests of the many, is now exposed as at best naively optimistic, at worst a cynical deceit. The idle boast of "no more boom and bust" echoes pathetically through the depths of the deepest recession in generations.

Capitalism, of course, is far from finished. As Marx argued, it has a genius for constant renewal. Ultimately, the process of capitalist accumulation will restart on the other side of this recession. In the process, the lives of millions of workers will be ruined. As ever, the poorest will pay the highest price. The rich who are responsible for creating the crisis will inevitably transfer the costs of their calamity onto the backs of workers through unemployment and through cuts in public spending and services. The capitalism that finally re-emerges will be different. There will be a new architecture of global economic regulation devised to ensure that 2008 can never be repeated. There will be claims to greater financial transparency and accountability. We will be assured that lessons have been learned and errors eradicated. But it will still be capitalism, driven by greed and the hunger for profit, characterised by elite rule, exploitation and endemic inequality. Capitalism will recover by mutating into a different form that is shaped by the new realities. So too must the Left that stands in opposition to capital. As capital shifts shape so must we, if we are to mount an effective resistance to its newly fashioned forms of exploitation. Our old ways will not be enough. The way we were during the second half of the twentieth century will no longer do for the first half of the twenty first century.

This is especially true of our political formations. For more than a hundred years, the most important relationship on the British Left has been the 'great alliance' between the trade unions and their creation, a Labour Party in the British Parliament. It is a relationship that in the past has changed to reflect the times. Initially seen as a necessary parliamentary defence for organised labour against anti-union laws, the Labour Party slowly metamorphosed into a people's party that threatened, in Nye Bevan's words, to "take over the commanding heights" of the economy and carry through a British transition from capitalism to socialism. At the height of its popularity, it won more than half of all the votes cast in the 1950 UK election.

That popularity did not last as first rising affluence and home ownership reconciled workers to a recovering post-war capitalism, and then an oil crisis and seventies style recession drove the last of the Old Labour governments on to the economic







rocks. By the time another Labour Government re-emerged on the other side of 18 Tory years, globalisation was already changing everything, including the Labour Party and what and whom it represented. New Labour is now neither socialist nor a party of the unions. The toughest anti-union laws in Europe have been retained to signal that New Labour is a party of business. Repeated attacks on the public sector through privatisation and public sector pay restraint, demonstrate that it can now be trusted to take on and defeat organised labour. The relentless pursuit of wealthy donors and the campaign for state funding of political parties reveal the party's longer-term goal of manufacturing a final break with the unions.

Some union leaders, of course, refuse to face this new reality. They try to pretend that we can go back to the future by salvaging from the current economic wreckage the hope that 'our' party can be won back from the New Labour hijackers and returned to its original working class roots. When Tony Woodley recently denounced John Hutton as the CBI's man in the Labour Cabinet, he was trying to draw a distinction between the remnant of pro-business Blairites at the top of the party, and the rest of the Brownite majority who might yet be won back to the collectivist causes they supported in the 1980's. Gordon Brown's subsequent recall to the cabinet of Peter "I'm intensely relaxed about people getting filthy rich" Mandelson showed that neither he nor his supporters shared Tony Woodley's delusion. Brown's newly ennobled Business Secretary wasted no time in warning through an interview with the Blairite Progress magazine that there would be no New Labour return to the 1980's and that it would be "absurd" for New Labour to reject the market.

Union leaders, who look to Brown to take on the role of a socialist Moses leading them out of the capitalist wilderness, are dreaming of a Labour leader and Labour Party that no longer exists. The exclusive concern of the current, and of any potential future New Labour leadership, is to save British capitalism and to resurrect the rule of the banks, hedge funds and private equity companies. New Labour is centred upon aligning a British-branded, free market democracy shoulder to shoulder with the likes of Berlusconi, Merkel and Sarkozy in defence of European and global capitalism. New Labour is part of the problem, not part of the solution. The New Labour project will not be overturned by the remnant of the Old Left still in the party. There will be no restoration of the old 1980's style Bennite regime. More importantly, we all need to recognise that the traditional Left paradigm of a mass party of British workers rooted in a unified British labour movement and working to control the commanding heights of a British economy has long since been overtaken by developments in global capitalism.

Thatcher's 'Big Bang' deregulation of financial markets in the 1980's internationalised the City of London making it a centre of global rather than British capital. The city giants in Canary Wharf are now largely American players like Goldman Sachs,

or genuinely global players such as HSBC with offices in 85 different countries. Our major energy companies are mainly foreign owned. Electricite de France is one of the UK's largest energy suppliers and owner of Britain's nuclear capacity. NPower is owned by the German giant REW. Scottish Power is Spanish owned. Germany's E.ON owns Powergen. The 'big six' oil companies are all multinational companies that cannot be tied to any one national location. Our major supermarkets like ASDA/Wal-Mart and Tesco are international players embedded in countries around the world. Our largest communication companies like Nokia and Samsung, irrespective of their origins, are international players on a global stage. Even home-grown companies such as the Wood Group see themselves as having moved beyond the limitations of national boundaries.

International capital has moved beyond the control of single national states. The hard realities of late 20th and early 21st century capitalism has made irrelevant the Old Labour vision of delivering socialism through the British state. Today we face a capitalist foe that has long since broken free of its British

**The hard realities of late 20th and early 21st century capitalism has made irrelevant the Old Labour vision of delivering socialism through the British state. Today we face a capitalist foe that has long since broken free of its British shell.**

shell. The labour movement too must begin to break free from its British chains. We need to face the fact that the British state has become a bulwark not of British but of global capital. We need to find ways forward that will by-pass rather than go through the centre of capitalist power in Westminster. That process has already begun. Progressive change is already being delivered through new political institutions in Scotland, Wales and London, and usually delivered in the teeth of opposition from the British Government and Parliament. It is a process that will gather momentum in the century ahead. The break-up of Britain has already begun. The nature of the coming change will depend upon whether the Left provides the necessary leadership to guide it towards progressive ends, or whether we remain mired in controversy around the 'British Road to Socialism'. The unity of the industrial and political wings of the labour movement needs to be re-invented for the age

of globalisation. Just as capital knows no national boundaries, so too must labour organise across those boundaries and learn to operate with a range of national players. Instead of spouting internationalism, the movement needs to become genuinely internationalist.

The tectonic plates of capitalism have shifted dramatically in the past generation and will continue to shift in the future. Unless we understand and react to capitals dynamic of constant change, we will be in danger of being swept away in the economic tsunami it causes.

**John McAllion is a member of the SSP and a former Labour MP and MSP**

# that's us on the telly

Robert Beveridge looks at the Scottish Broadcasting Commission report and concludes that we need more detail before we can understand how it will affect Scotland's place on TV

In August 2007, The SNP government set up the Scottish Broadcasting Commission under the able chairmanship of Blair Jenkins and including members like Henry McLeish and Lord Fraser. Their final report Platform For Success was issued in September 08. It contained a series of recommendations including the headlining proposal that there be a Scottish digital channel with a possible budget of around £75 million per annum. Beyond this, what led to the establishment of the Commission and what problems was it trying to address? Is their analysis sound? Are the recommendations viable? Where do we go from here? Can or should Scotland have its own media policy?

Firstly, there was clear evidence that Scotland was under performing in the television production sector with the share of total UK spending by the main networks having fallen to around three per cent, out of kilter with the proportion of population which is nearer nine per cent. In addition, both the BBC - Mark Thompson and ITV - Michael Grade claimed that there was a lack of talent and ideas in Scotland. Thompson quickly reviewed and revised his position and at the opening of the new BBC Scotland headquarters at Pacific Quay both he and BBC Trust chairman Michael Lyons made commitments to an increase in production such that the nine per cent of network spend be now seen as a floor and not a ceiling for BBC Scotland's future investment.

Readers of SLR will be aware of proposals that Question Time be managed out of Glasgow and that other programmes/strands will be relocated from south of the border. There will also be further investment in home grown but not parochial product. - although the BBC are referring to a deadline for completion of 2016.

So the BBC, having, they assert, begun this process before the establishment of the SBC, can now be reasonably said to have started to address issues of under production. Where they have some way to go is in the area of cultural representation and the coverage of news and current affairs where the recent BBC Trust commissioned report from Professor Anthony King provided clear evidence - none new to SLR readers - that the Corporation remained and remains deeply London centric to the dismay of the regions of England never mind the smaller nations of what should be called the United Kingdom(s) plural.

In my judgement Scotland needs a Scottish Six and it is clear that the provision of news and current affairs reporting across the UK has signally failed to stay in step with devolution.

However, what is significant in debates around media policy is that it is always the BBC that is the focus of such debates. Writing in a week where the BBC has been assailed on all sides by the fall out from the Ross/Brand affair, there have been claims that the BBC should not be in this market i.e. the comedy for youth and this leads us to address the broader place and position of public service broadcasting in Scotland and the UK. And here is the real debate to which SLR readers should address themselves and through these we can consider the proposal to set up the Scottish digital channel. Because, interesting and welcome idea though it is, the real question is the funding basis/model and the governance/ownership structure and these are questions and issues which are imperfectly addressed at present. Furthermore it is all too easy to forget that the BBC

- and incidentally - Channel 4 (although C4 is shamefully poor in commissioning work from and in representing Scotland) - are both, broadly speaking, in their diverse ways outstanding examples of nationalised organisations which achieve world wide success in the production and distribution of creative content and even more importantly reporting in news and current affairs which is required to aspire to - and mostly achieves, high levels of accuracy, balance and impartiality.

At our peril do we meddle with the ecology of institutional arrangements that facilitate and produce such quality? However, Channel 4 now states that it is facing a funding gap and needs public support for which read top slicing the BBC licence fee. In this heinous and dangerous proposal, it is supported

by the neo liberal economic regulator OFCOM which would like nothing better than to fully regulate the BBC no doubt by taking over the BBC Trust. The scene would then be set for the distribution of the BBC licence fee via contestable funding and this could include Rupert Murdoch's BSkyB as well as ITV/STV.

Moreover, in the interests of competition and pluralism not to say the shareholders of STV, in their submission to the SBC STV stated that it will "produce Scottish programmes on its two Scottish services only at its commercial discretion". What does this mean? In a word, STV seeks public funding to support their continuing to provide, for example, news and current affairs. Yet

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the use above of the term ITV/STV should have alerted us to the fact that there are also serious questions to be asked about the extent to which STV/ITV both north and south of the border play what kind of part in the provision of high quality information and programming to enable citizens of England and Scotland to understand their evolving democracy, devolution and political debates etc. If we accept that Scotland in particular has not been well or even sufficiently served by the market or the BBC, what is clear is that the BBC is – very late in the day admittedly – making a response to the need for devolution plus inside the BBC and thus in output.

But the regulator established by New Labour, OFCOM seeks to meet its statutory duty to maintain and strengthen public service broadcasting by proposing to take money away from the BBC, reduce it to its core services – (who defines these and how) and subsidise commercial broadcasters who state that the market alone is not enough for them to meet their wider democratic, cultural and social responsibilities.

It is in this context that the SBC Scottish Digital Channel needs to be viewed. And the current PSB review by Ofcom also needs a response from SLR readers. This is because STV's claims for public funding are being used by Ofcom, like the poll tax – as a testing ground to see if the precedent can be set. STV claim that they may not be able to sustain their current levels of investment in news and current affairs even in the run up to digital switchover. They need public funding now. And if they get it, perhaps in 2009 via decisions by Stephen Carter, former Chief Executive of OFCOM then Number ten and now junior broadcasting and technology minister in the House of Lords, then the slippery slope towards cutting the BBC down to size, so long sought by Murdoch, the Daily Mail, Gerald Kaufman et al might become irreversible.

Privatising the BBC is on the horizon. To be fair to the SBC, they do not seek this and do exhort Ofcom to ensure that STV and ITV do meet their responsibilities but the question is what policy levers does any government have faced with these intransigent market base arguments? The BBC needs to raise its game but how good is ITN news at covering Scotland and the Scottish perspective? Or even at covering serious issues and news? How good is STV and should we subsidise their shareholders in return for what? How far could STV ensure that ITN network news was more sensitive to Scottish perspectives and issues? How do we ensure that the news is high quality? Here too would be the problem for a Scottish Digital Network. For such a channel could well deliver a Scottish six but would the programmes make the good popular and the popular good or would it be driven by commercial considerations and the political imperative to justify the expenditure via high ratings.

And what would be the governance structure of the channel, which would support real political independence. The Scottish Broadcasting Commission recommends the creation of a new Scottish Network: a digital public service television channel and an extensive and innovative online platform. The network should be funded out of the new UK settlement for PSB and plurality and should be licensed and given full regulatory support by

OFCOM. The Commission recommends that the remit for the new network should include a commitment to high-quality information and entertainment, including news and current affairs covering Scottish and international issues, and innovative and ambitious cultural content.

Sounds good but powers over broadcasting remain reserved to Westminster although The Commission recommends that Scottish Ministers should have greater responsibility, within the UK framework, for those operational functions of broadcasting directly affecting Scotland role. The Commission recommends that the influence and responsibilities of OFCOM Scotland should be strengthened and there should be specific representation for Scotland on the main OFCOM Board (at UK level). This too sounds good, but given OFCOM's existing policies and priorities, one should not expect much from such a development even if it came to pass which I strongly suspect would not be the case. The SBC investigation and report, therefore, had come at a time when the decades old settlement, structure and ecology of broadcasting in and across the UK and its nations and regions is undergoing a substantial review and reconfiguration rather like the UK and its constitution itself.

While one wishes to have more and better Scottish content production and representation and a greater voice for Scotland in the processes and formulation of media policy and implementation, the question is how far we should push this at a time when the enemies of public service broadcasting and of the BBC in particular are seeking to sue this time to promote and achieve their own commercial and ideological agendas and goals. So the issue is not just SNP versus Labour; it is not the Scottish Six; it is not investment in employment; it is not how the BBC represents Britishness beyond the home counties, it is all of these and more. It is about who we are and whose voices are enabled to be heard. It is about what kind of broadcasting/media ecology we need and would best suit our cultural and creative and democratic aspirations. Read the SBC report available at [www.scottishbroadcastingcommission.gov.uk](http://www.scottishbroadcastingcommission.gov.uk) ; take part in the debates about its recommendations but watch out for OFCOM and Rupert Murdoch.

*Robert Beveridge is an academic at Napier University*

# growing kingdom

## Mike Small explains a project which proposes to regain control over our food choices and champions local food sourcing

"We may be the first species to 'choose' a diet that is killing us and destroying our planet."

Frances Moore Lappe

Fife - 'a reuch Scots blanket wi' a fringe o' gowd' - now has the highest rate of obesity in the UK ([www.thecourier.co.uk/output/2008/03/06/newsstory11028561t0.asp](http://www.thecourier.co.uk/output/2008/03/06/newsstory11028561t0.asp)). The region which had the highest land under agriculture in Scotland at 80 per cent now struggles to feed itself.

Of course like most 'choices' our day-to-day diet is not a real choice. It's force of habit, class, circumstances, geography and cultural conditioning. The reality in Scotland is that like so much of Scottish society it's dominated by a huge gap between the quality of our potential - our raw ingredients - and the reality of our experience. We are the stuffed and starved of Europe, brandwashed and dispirited and dosed on a daily diet of fat, sugar, industrial meat products and 'our other national drink', or their cheaper imitators.

Crucially too, the relationship between producer and consumer, between town and country, between place and experience has been shattered. Food, like most else, has become meaningless, and into the void is poured all of the food porn, obsessiveness, disorder, paranoia and lifestyle jiggery-pokery. At its simplest, we have lost control over where our food comes from, who makes it and what it tastes of.

It has become difficult for people to comprehend eating food from anywhere near where they live. This is bizarre, and increasingly will become untenable. For the past ten months we - a growing network of around 400 people in Fife - have been eating food only from our own region (some foods have been sourced from neighbouring Clackmannanshire and Perthshire. The majority of the participants managed to stick to our program as much as 80 per cent) in opposition to this state of being and in preparation for another.

We asked ourselves to try this, be honest about how we got on and share and support each other in the effort. The project launched with 14 at the Big Tent 2007, and by July 2008 had 428 registered participants, representing an unknown wider community in households throughout Fife. We have held public meetings and cooked for towns and villages from Kirkcaldy to Rosyth, from Dunshalt to North Queensferry (more info at [fifediet.wordpress.com](http://fifediet.wordpress.com)).

The project aims to bring people together who want to begin to reduce their carbon impact and alter the perception of passivity and isolation in the face of climate change.

The Fife Diet aims to:

- Bring people together who want to eat good local food
- Make fresh organic produce more widely available
- Celebrate the diversity of local food against the insanity of transporting food around the world

We believe that food - that thing which is immediately universal and personal - is a crucial key to three potentially revolutionary elements of political change: A way to empower individuals to make critical decisions about their lives; a toolkit for community development and regional expression, and a bulwark against the banalities of globalisation.

One of the most revealing things about the project is how quickly established norms collapse in the face of action. When we launched journalists chuckled and faces fell in incredulity. The clichés of deep fried Mars bars were repeated **ad nauseam** by churnalists (Nick Davies Flat Earth News popularises the idea of 'churnalists' who churn out press releases dressed up as writing) with all of the imagination of the brain-dead.

What we have since achieved - I think - is a critical mass of questioning-interest in the ideas of where our food comes from and why, and who controls our food system.

The project has been the subject of some criticism. It has been described

as parochial, protectionist, and accused of the 'local trap' - assuming everything that is local is good. We certainly do not - having gone through a winter on root vegetables and searching in vain for decent Fife dairy products we know this is not the case.

We have found the experience challenging but also rewarding as a bioregional insight into Fife, and a social insight into what change is needed and what is worthless. We're acutely aware that local food can be misconstrued about a sort of boutique experience of delis, farm shops and expensive farmers markets. It's not, or needn't be. The simple reality of the experience is that you save money by not shopping in supermarkets. (Re)creating a regional food culture is as much about social justice for the poor rural communities as it is about showing solidarity with developing countries affected by climate change now, today, not in some speculative future. The Fife Diet has also been attacked for promoting localism as a withdrawal, a disavowal of internationalism.

It's absolutely not this. It's about proving that for one year we can step outside the commodification of food and source the

**We need to move beyond the endless search for credibility and remember to be incredible. Remember when, only a short while ago, everyone said that you couldn't possibly stop people smoking in pubs?**



vast majority of our food from where we live. Beyond this we aim to make the wider point for feral and fair trade as part of a wider potentially transformatory alternative food movement.

As well as supporting the efforts to have Scotland a Fair Trade Nation we argue that we should also aim to become the world's first certified Organic nation. We all know the importance of getting our five-a-day, but eating five organic fruit and vegetables a day is even better. A non-organic apple can be sprayed up to 16 times with 36 different chemicals, many of which cannot simply be washed off. The latest Government tests, carried out in 2005, found pesticides in 80 per cent of non-organic apple samples.

As a movement – a movement for environmental justice – we need to move beyond the endless search for credibility and remember to be incredible. Remember when, only a short while ago, everyone said that you couldn't possibly stop people smoking in pubs? Local food will be the same as that. We will quickly move to the situation where the very idea of transporting food around the planet will seem as ridiculous as a 40-a-day Lambert & Butler.

The ubiquitous George Monbiot writing about Cormac McCarthy's dystopian fiction *The Road* has asked (I think rhetorically): "Are we already shutting our minds to the consequences of climate change?" ([www.monbiot.com/archives/2007/10/30/the-road-well-travelled](http://www.monbiot.com/archives/2007/10/30/the-road-well-travelled)). He writes:

"The stone drops into the pond and a second later it is smooth again. You will turn the page and carry on with your life. Last week we learnt that climate change could eliminate half the world's species; that 25 primate species are already slipping into extinction; that biological repositories of carbon are beginning to release it, decades ahead of schedule. But everyone is watching and waiting for everyone else to move. The unspoken universal thought is this: "if it were really so serious, surely someone would do something?"

One of the reasons the Fife Diet has had some – albeit small – impact, is that it asked people to do something positive. Too often the environmental movement fulfils the stereotype of the finger-waving naysayer denouncing modern society. We need to be more celebratory and appreciate the produce we have here. Once changed your behaviour seems ridiculous. You can do without mangoes in January. It's no big deal.

In fact what was most striking about the project was that it made such an impact when all we were saying was 'let's eat food from here'. It was and is the most un-revolutionary, common sense idea there's ever been. And yet we were paraded on the media like oddities when the reality is that soon we will have little option but to eat food in most part from our region or at least our corner of the world.

The backlash against local eating has been sustained. Much of it is propaganda, greenwash and nonsense. The much-quoted study that 'proved' that eating lamb from New Zealand was 'actually' greener than eating lamb from Scotland, was (actually) published by the New Zealand Lamb industry. Most of it uses

our incredible belief in 'experts' to subsume our own common sense. This is at face value and in reality nonsense.

The Observer chipped in with the revelation that: "The concept of food miles is unhelpful and stupid. It doesn't inform about anything except the distance travelled." said the previously unheard of Dr Adrian Williams, of the National Resources Management Centre at Cranfield University. Unfortunately the paper slightly undermined its status as an authoritative source of information by describing Fife as "an island off the North East coast of Scotland". Where is old fashioned investigative journalism when you need it?

If the Fife Diet is part of a wider cultural shift to shed the Celtic cringe, it's also necessary as part of a grounded effort to bring ideas and energy back into the ecology movement.

The environmental movement in Scotland needs to transform and renew itself if it is to have meaning and impact in rapidly changing and degrading times. The Fife Diet project has longer term aims to try and be part of this, to affect change in Fife and beyond. To influence and radicalise the Transition Town Movement and to begin the process of establishing stronger links within

communities around food politics – exploring solutions and ideas for the coming challenges.

What we have found out is that you can eat food from where you live. That in itself is a restorative act. Now we need to re-learn how to grow, cook and eat together, how to reduce pesticide dependence and reclaim the economy from the supermarkets and the land from mono-cropped and subsidised industrialised farming.

Local, organic and fair trade needn't be and mustn't be seen as ideas that are separate or contradictory. They simply aren't. In fact the sort of issues of self-reliance, self-determination and genuine international localism brought up by the critique of the anti-GM movement are at the core of this analysis. Joining the dots of this nascent food movement and making it more than just restorative is essential, and becoming in the face of the challenge of climate change, inevitable.

We have started by overcoming the cultural cringe and self-hatred that assumes that Scottish food is appalling. Then by proving that our food could be celebrated not just endured. Now we need to make the chains and arenas so that sourcing local food is as easy as it is sourcing food that has been stored, frozen, chemicalised and transported many weeks ago from the other side of the planet at the expense of workers and to the detriment of those of us who stomach it.

**Mike Small is a writer based in Fife and closely involved with the Fife Diet project**

**We have started by overcoming the cultural cringe and self-hatred that assumes that Scottish food is appalling. Then by proving that our food could be celebrated not just endured.**

# live well in bolivia

Linda Somerville is recently returned from Bolivia where she saw the effects of the Morales revolution and a determination not to go backwards

The warm glow from lights shining down the vast hillside on the road from El Alto airport was very welcome as, at 4058m above sea level, the current temperature was -4°. While the taxi sped down to Bolivia's capital city of La Paz I noticed the graffiti slogans everywhere: 'Evo Si' and 'Bolivia Unidad' they called out. Homemade billboards at the roadside show Bolivia's President, Evo Morales holding a coca leaf with the Bolivian and Aymara Flags behind him. Morales is Bolivia's first indigenous President, an Aymara Indian and a coca farmer. He symbolises the recent struggles and successes of Bolivia's Social Movements particularly the indigenous people in their fight for the right to 'live well in Bolivia'. As Morales would explain in our interview later that week his proposal for Bolivia is "to seek equality amongst our people, to ensure the rights of indigenous people and where our services must be in the public sector as they are human rights". As a personal commitment to that process he has cut the Presidential salary from 40K Bolivianos per year to 15K Bolivianos per year.

Morales rapid rise from coca grower to union organiser, parliament member to president directly reflects the increased political consciousness of Bolivian people and the development of the social movements. As the champion of the coco growers he led protests against the US initiated policy of forced eradication of coca. He was regularly imprisoned and beaten, on one occasion being left for dead by troops.

Morales and his party, Movement Towards Socialism (MAS) were elected to government in Dec 2005 with 80 per cent turnout and 54 per cent of the vote. This was unprecedented in a country where universal suffrage was only won after the 1952 revolution. The majority of Bolivians saw formal political parties of little relevance to them. Particularly the 62 per cent of the population that belong to one of 36 indigenous groups.

Any opposition in the country was championed through the Bolivian Workers Confederation, with the Union Federation of Bolivian Miners at the vanguard. In 1985 the closure of the country's mines threw 25,000 miners out of work. Many miners then re-settled in the highlands where their union experience would be vital in the struggles ahead.

The vacuum left in opposition led governments for the next 20 years to implement neoliberal policies almost unchallenged. Capitalisation (Bolivia's model of privatisation) was applied to all national utilities including telecommunication, airline and rail. Bolivia is a country rich in natural resources and it was the control of these natural resources that focused the violent struggles in Bolivia particularly over land, water and gas.

When visiting the scene of the 'Gas War' in El Alto I met Juan Delfin Mamani, the area's priest. He described 2003 as the time

when "all the people suffering woke up". Protesters against the plan to build a pipeline to carry gas for processing to the US organised a series of strikes, marches and roadblocks. Amidst this background the army was used to break the roadblocks resulting in 8 deaths. The priest explained that news of the deaths was met with anger and made El Alto more resolute. This culminated in an attack on October 12th 2003. They sent in soldiers against our children, with rifles, tanks – we were taken by surprise, the soldiers chased us and started killing us, nearly 70 people... We opened the church to bring in the dead." The graveyard where they buried the dead is strewn with rubbish as it sits in the shadow of the city's landfill site. A stark reminder of the neglect and indifference that Bolivia has shown to its people in life and in death.

The gas plan was suspended the next day and the government of Sánchez de Lozada collapsed as he fled out of the country for refuge in the US.

The political turmoil and changes in government following the Gas War paved the way for MAS to enter government. The party was only formed in 1999 as the growing social movements recognised that a political response was required. Interestingly MAS do not see themselves as a political party rather 'a movement of movements'. The economic, cultural and social changes since their election have been significant, including 87 per cent increase in literacy and the installation of drinking water in over one million homes. The money raised by MAS' nationalisation of the gas industry has been fed directly into two policies which directly target poverty. Firstly a payment of \$25 per year for children attending school and secondly the introduction of a 'Dignity pension' to all over 60.

However, with a draft constitution that will fundamentally transform

Bolivia Morales faces opposition from the current elite. The wealthy and privileged of Bolivia have exploited the natural resources, owned all the fertile land and controlled the media for too long to hand it over easily. The eastern lowland regions held an autonomy referendum in May 2008. The referendum was illegal and unconstitutional but the results have bolstered those campaigning against Morales and his reforms.

The main opposition to the government is based in Santa Cruz. The area is in startling contrast to La Paz with vast green fields growing maize and sunflowers, the temperature over 30° and the wealthiest people of white/Spanish origin. While travelling to San Julian, a MAS supporting town, it was evident that the opposition propaganda machine was working. The taxi driver wondered why I would visit the town "where all the

**The vacuum left in opposition led governments for the next 20 years to implement neoliberal policies almost unchallenged. Capitalisation was applied to all national utilities including telecommunication, airline and rail.**



troublemakers live. They build roadblocks and are very narrow minded." I asked him had he ever wondered why they might protest and build roadblocks; he stated curtly "because they like it, Evo taught them."

San Julian is a settler's town where landless people have come from the highlands in the last 30 years. They are at the forefront of the battle for Bolivia as they live in the heart of the right wing opposition. At a packed meeting members of community organisations told me that local government has abandoned the town. After a recent flood they were not given food aid unless they supported the right wing regional leader. Funds that have been donated for the town never make it to the people and it was this corruption that led those in San Julian to protest and build roadblocks during an uprising in 1984. The army were called in, resulting in two dead and over forty wounded.

Not only are they economically punished but they suffer from harassment and discrimination as well. One young man said, "If we go to the city of Santa Cruz we are treated badly, insulted. They call us dogs." This is Bolivia's own apartheid. On May 24th 2008 a group of indigenous men were rounded up the Santa Cruz Youth Union (UJC), a neo-fascist group. They were paraded through the streets, forced to burn their own red ponchos which are a sign of authority in their own culture and stripped and beaten. This was filmed by the local media and shows the public in Santa Cruz and the media pushing to get closer to the action and only one solitary woman shouting for them not to be beaten.

Despite this intimidation the whole area is unionised. No one is fooled by the autonomy call organised through the elite. A local San Julian Constitutional Assembly member summarised the resolve of the town: "They have burned our houses, this is a permanent struggle, we have touched a feel for being in power and there is no going back".

While the vast majority of the unions and social movements are backing Morales there remains a minority that is critical. The miners and teachers unions are the main critics challenging on economic and sectoral interests. During my visit these workers were holding strikes to press the government for pension reform. The government's position was summed up by the Mining Minister who explained that the union's demands were just and that they would be met in due course. Devastating news came mid-week when two miners were killed in Huanuni as the government forces clashed with miners. The Government absolutely insist that no one had live ammunition, yet the talk everywhere is that the members of the right wing were behind the attack. It does not appear to be in Morales's interest to create martyrs on either side.

Another Morales stronghold in Santa Cruz is an urban area with a population of 270,000 people – District 8. At a meeting in a local school I was joined by members of neighbourhood committees,

local MAS leaders and young men describing themselves as the "shock troops". They have had to organise to defend themselves against attacks from the UJC. They had plans to take control of the local schools on the eve of the Recall Referendum to ensure the fascists did not intimidate or interfere with the voting. While the election may have been their immediate focus one young comrade explained "This isn't a struggle for the President – it is for ourselves."

The MAS program is not fully developed as their rise and arrival in government was rapid and somewhat unexpected. It is easy from a distance to stand in judgement of Morales and point out his failures; it is much harder to be part of MAS as they pick their way through the challenges ahead. The changes taking place are revolutionary and their vision of a "Dignified Bolivia, where everyone lives well" has some unique characteristics.

Not only do they believe in nationalisation and the redistribution of land and wealth but at the core of their ideology is a set of beliefs related to their Andean culture. The tradition of active participation of every family in a community has enabled them to develop the structures of participation that have become the massive social movements that are their vehicles for change. Also their vision states their respect and commitment to the environment in a manner that would be alien to other governments. At a meeting with David Choquchuanca, Bolivia's Foreign Minister, he reflected on

this vision "We are working everyday to ensure that all in Bolivia and in the world can 'live well'. To ensure we embrace the values of our ancestors, values and principles of our grandparents, to create a harmonious life between people and with nature."

The votes were counted as I returned to the UK on Sunday 10th. August, Evo Morales increased his majority to 67 per cent.

**While the vast majority of the unions and social movements are backing Morales there remains a minority that is critical. The miners and teachers unions are the main critics challenging on economic and sectoral interests.**

*Linda Somerville visited Bolivia as part of a delegation from Unite the Union who were offering support and solidarity to the Bolivian Government and the Bolivian people.*

[www.boliviainfoforum.org.uk/](http://www.boliviainfoforum.org.uk/)

# Reviews

## Scottish Social Democracy: Progressive Ideas for Public Policy, Michael Keating (ed), Peter Lang Pub Inc 2007

Could Michael Keating ever have dreamed that this collection of essays **Scottish Social Democracy** would have been published at the start of a predictable capitalist market collapse but one of a magnitude and geographical spread never before seen?

Social Democracy, since the Second International, has always had a problem operating and theorising within a globalised capitalist system, more so recently, since capitalist enterprises had been feeling that they were near to their goal of a totally free international market. That is, markets which have almost broken away from any form of oversight by nation states, which for all our best intentions in the construction of international institutions to provide oversight, are the only weak bodies capable of applying effective sanctions on market miscreants.

The dilemma confronting social democrats is not an unfamiliar one. Those far-off debates surrounding the Second International included the problems of globalisation and militarisation. Yet for social democrats the immediate structure they required in order to translate their principles into practical policies was that of the inherited nation state. Unfortunately for social democrats as they gained more political traction their electorates did not necessarily show their gratefulness to them but could as easily perceive their national state apparatus as the provider of security. As Beveridge put it when Britain caught up, "government should find ways of fighting the five 'Giant Evils' of 'Want, Disease, Ignorance, Squalor and Idleness'." Unfortunately, although it may have taken socialist theory to introduce the necessary political push for such reforms, this certainly was not sufficient to maintain social democrats in positions of influence. Also required was attention to be paid to the internationalist aspect of market economies because of the need for them regularly to become involved in wars to protect their imperial interests. Alas the decision that national administrations were all that was required to implement a socialist agenda disintegrated under the stress of war. Wherever the trumpet sounded national uniforms were pressed and the good comrades engaged in the slaughter of one another. Post war centre and centre right parties pragmatically calculated that the cost of these reforms was in many cases a cost worth bearing for staying in power and at times of war giving the population at large something to fight for.

Michael Keating's book concentrates very much on the interaction of political principles and the policies relevant to today's social and economic condition. He states that "When policies are treated as principles that Social Democratic parties lose touch and decline". And "When principles are reduced to vacuities found in some third way New Labour formulation they disappear all together". What has Scottish social democracy uniquely to offer? To answer this question Keating has assembled a series of sectoral essays providing a practical connection between principle and practice on education, urban policy and health to name but three. All of the essays offer thoughtful contributions to progressive policy formation in the

context of our devolved government in Scotland. Such a debate is necessary but under the international political and economic conditions of today they are not sufficient.

I may be dwelling rather on international affairs but the situation in Austria after the recent elections there must surely send a chill down the spine of all left leaning people. Here the Social Democrats attracted less than 30 per cent; they were behind the votes cast by the right-wing and neo-fascist parties. The fears, real or imagined about immigrants, now amplified by collapsing banks have seen the strange phenomenon of working class voters travelling rightwards, not via the Social Democrats, to the Christian Democrats but straight over both to the far right. The story of the left during the past year in the rest of Europe is equally miserable from Poland to Ireland, Finland, Greece, Germany France and Italy. In Germany the bright point is that of the Die Linke the party founded Oscar Lafontaine. It now commands 15 per cent support whereas what has historically been Europe's biggest and oldest political party the SPD, has slumped to below 20 per cent after ousting its leftist leader Kurt Beck and installed the rights choice of Walter Steimeier. If they carry this into the upcoming German general election then surely this has to mean the end of cohabitation coalitions for European socialist parties.

If that be the case then it is incumbent on all of to encourage left thinking to resolving the mess that capitalism has put the world economy in. At what level should this be addressed? For us in Scotland we should now look beyond the United Kingdom for our necessary alliances and support. We are lectured by Prime Minister Brown that we are too small to 'go it alone' whilst he recently rattled his begging bowl in Brussels because Britain is too small to go it alone and that all the Member States should co-operate to see us through the crisis. This is the same man who as Chancellor of the Exchequer lectured the other Ecofin Member on the benefits of his deregulated system and yawned throughout his fellow finance ministers contributions, argued that other members should cut their state aids, belligerently fought to cut the structural funds prior to the expansion of the EU, blocked the creation of a European initiative aimed at supporting businesses through an external or asymmetric shock (a facility which he has now called for at the recent Paris Summit) and failed to take Britain in to the Euro which would have meant that instead of sitting in the corridor during discussions on the euro we could have been co-operating with our partners.

Is there an international dimension for Scotland to argue with regards to a renewal of our social democratic traditions? You bet there is, more so now than before. This is a time when even a neo-liberal government like our present one has to nationalise the banks planning, of course, to hand them back to the felons who got them into this crisis in the first place. Surely we can put up a convincing argument guided by principles of egalitarianism, fairness and security so fundamental to social democracy that they should not go back in to private hands and that we should play our political part in the euro zone. Under this shelter it would be possible to put the progressive ideas for public policy provided by Michael Keating and his associates in to practice



at home and join with our natural allies in the rest of Europe to consolidate it as zone of progressive social provision. ■

*Henry McCubbin*

### **The Right to Exist, Chick Collins 2008, The Clydebank Independent Resource Centre supported by Oxfam**

Scottish Left Review (Issue 17, 2003) included an article 'Local Voices' based on a small research project by the Scottish Civic Forum which involved a researcher simply going around a Social Inclusion Partnership (SIP) area in Lanarkshire asking people what they knew about the SIP and what they felt about developments in their area. The responses showed that despite large publicity budgets, very few knew anything about the local SIP, there was no feeling of being involved and many expressed strong dissatisfaction with the priorities in local development. Chick Collins' book examines these issues in depth and breadth in another part of post-industrial Scotland. The study of the Clydebank Independent Resource Centre (originally the Clydebank Unemployed Workers' Centre) is both the story of a genuine community-based response by local trade union activists to the experience of poverty and an analysis of the impact on the ground of the constant stream of 'initiatives' from the 1980s onwards to deal with the poor. It is a well-researched and very welcome contribution to the social policy literature in Scotland. The Clydebank Centre has been an example of an effective local resource providing information and advice, welfare rights, training and education, childcare and social activities. It has struggled successfully not to be co-opted into the agendas of others.

There are parts of this story which focus on the internal politics and personalities of the organisation over the years and the difficult battles with a notoriously factional local authority. But it is the focus on how the public policy initiatives work out on the ground that is likely to be of most interest to a wider readership and this does take us into major policy areas. With what is now ironic topicality, Collins refers to the Royal Bank of Scotland's 2004 **Wealth Creation in Scotland** document which promoted the case for resources going into growing big companies that could compete in global markets using economic liberalisation and privatisation. He suggests that this was an influence on the then Scottish Executive's second version of **A Smart, Successful Scotland** and encouraged the emphasis on 'global cities' as the route to regeneration. Collins quotes Ivan Turok:

"The focus on high-value jobs and top-quality living environments for highly skilled and resourceful people.....will do little directly to improve the life chances ....of poor, unskilled and workless groups and may even cause harm through gentrification of inner urban areas and displacement of low-income households." (p102)

Some of the main initiatives that the area has been through since the 1980s are Enterprise Zone, Smaller Urban Regeneration Initiative, Priority Partnership Area, Social Inclusion Partnership, Urban Regeneration Company, Clyde Corridor, Community Planning Partnership. These have all come with expensive re-branding and new organisational structures. It would be hard to argue that these changes took place because the previous programmes were successful. Often there has been insufficient time for one initiative to settle in and produce results. The attraction of constant change for politicians and agencies is that it gives the impression of activity and innovation and they will probably be out of office before there can be any real assessment of effectiveness. For those community activists on the ground, each change requires a new set of relationships and often yet another time-consuming round of grant applications.

Also significant for a project like the Clydebank Centre is that its independence can be seen as not 'fitting in' to the agendas and the desire for control of official agencies. Collins outlines the history of constant struggles for very modest core funding despite the value of the work the Centre was doing. It opted not to take any funding that undermined its core values.

**Also significant for a project like the Clydebank Centre is that its independence can be seen as not 'fitting in' to the agendas and the desire for control of official agencies. Collins outlines the history of constant struggles for very modest core funding despite the value of the work the Centre was doing.**

They did not bid for Urban 11 funding because of the coercive nature of the 'back to work' agenda. The Scottish Executive's 'Closing the Opportunity Gap' programme had as its first target that of reducing the number of workless people dependent on Department of Work and Pensions benefits in the area. But one of the Centre's great successes over the years had been to help people to get the benefits to which they were entitled. In 2004 they gained one million pounds extra in benefits for clients. While they also did much valuable work in training and sourcing work, their welfare rights work did not sit comfortably with Government priorities. They were also sceptical of the strategy of pouring so much of the public regeneration money into private property development along the bank of the Clyde with small tokenistic amounts of affordable housing.

The Centre has been an excellent example of locally-based self-help in a community that has had to face devastating job losses and the social problems that accompanied these. It has been able to maintain greater independence over the years than many similar projects because it had a wider support base in the trade union movement. But when we contrast the struggle to get funding for a project like this and others like it to the millions spent on the carousel of high-profile initiatives and consultants, it should be a sobering thought for our policy-makers. ■

*Isobel Lindsay*

# web review

Henry McCubbin

Macavity wasn't there when the conditions for the most recent crash in the stock exchange were put in place, or so we are lead to believe by Prime Minister Brown. I still have an image engraved in my memory of that day on the 20 October 1997 when Gordon Brown at the launch of the Stock Exchange Electronic Order Book placed his paws with his nails nibbled to quick, on a large button like the one you would see on the National Lottery, and immediately all of the screens behind him turned red. As he was facing the audience and had his back to the screens he was blissfully unaware of the reason behind the stockbrokers facing him in the audience, all simultaneously reaching for their mobiles. New Labour's love in with the city is no new phenomena. For an insight of some of this history and the fascination of politicians left and right with practitioners of casino capitalism Robin Ramsay provides it in his little book at [www.pocketessentials.co.uk/ctp/1903047838riseofnewlabour/index.php](http://www.pocketessentials.co.uk/ctp/1903047838riseofnewlabour/index.php).

Politician's fascination with city gents is only surpassed with their fascination for one another but Peter Mandelson has a great deal of previous when it comes to keeping dodgy and inconvenient facts from the public gaze. His secretive relationship with lobbyists as exposed by the European Ombudsman is a case

in point where he conducts business as if at a beauty parade in the hope that they will not forget him for his helpfulness in case he has to resign yet again. For background try [www.spinwatch.org.uk/-articles-by-category-mainmenu-8/70-british-politics/5181-gordons-problem-with-mandy](http://www.spinwatch.org.uk/-articles-by-category-mainmenu-8/70-british-politics/5181-gordons-problem-with-mandy)

At times however one wonders what breeds people such as Mandelson who suffer such humiliations to get close to the rich. [www.wsws.org/articles/2008/oct2008/olig-o25.shtml](http://www.wsws.org/articles/2008/oct2008/olig-o25.shtml)

I am minded of a painting of a Glasgow tobacco lord John Glassford who had a black boy as a servant displayed in the background of his family portrait. Later when the ownership of a black boy no longer brought social kudos the black boy was painted out as will happen to Mandelson.

Meanwhile is anyone thinking out there? Well yes there is and source that never fails produce a serious contribution to the debate is the Rosa-Luxemburg-Stiftung with their take on the limits of privatisation [www.rosalux.de/cms/fileadmin/rls\\_uploads/pdfs/pp-Candeias01\\_2008.pdf](http://www.rosalux.de/cms/fileadmin/rls_uploads/pdfs/pp-Candeias01_2008.pdf).

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# Kick Up The Tabloids

## Yes, we can

A strange thing happened this November. It became ok to like America. The election of Barack Obama, the USA's first black president at the start of the month has been widely hailed as the dawn of an exciting new era in world politics. His election has been compared to that of Franklin D Roosevelt and to the release of Nelson Mandela.

More worryingly, it has also been compared to the election of Tony Blair. Let's hope history turns out differently this time around.

National hero and game old war veteran that he is, McCain was still out on the stump at the eleventh hour, exhorting his followers to "Never give up". Which was met by the resounding response "Yes, but we think you should!"

While the betting fraternity had been laying serious money on Obama's victory over John McCain, very few were willing to risk a punt on either candidate to serve the full two terms.

On the one hand we had a 72-year-old. On the other we had a left of centre candidate of African descent. A man compared to John F Kennedy and Martin Luther King. In other words, one likely to croak from natural causes within eight years, the other a target for every rifle-wielding right-wing lunatic in America. And at the last official count in the Land of the Free, there were around 100 million rifle-wielding right-wing lunatics.

Indeed rifle-wielding right-wing lunatics are such a powerful political lobby in the States that McCain felt compelled to choose one as his running mate.

Sarah Palin described herself as a "normal mum". How many "normal mums" do you know who hang out of helicopters shooting moose with high-velocity rifles? She's promising to run for President in 2012, which is good news. Her policies may have stunk, but she was always an entertaining sideshow. In the meantime, a lucrative career in pantomime beckons.

Palin may have been a bizarre choice as a potential Vice-President, but then running mates are not always chosen for the most obvious of reasons. Kennedy famously picked LBJ because "I'd rather have him inside the tent pissing out than outside the tent pissing in". Sarah Palin would indeed appear to have been inside the tent but to be pissing all over it.

This has been an autumn where normal politics has been turned on its head. Where Gordon Brown performed his first vaguely socialist act, by committing his government to a widespread programme of nationalisation. Of the banks.

This was merely following the Bush government's actions Stateside. When the US nationalised AIG and other financial

institutions, they came in for a deal of criticism from the more fervent free-marketeers. To which the obvious response should be, "If you think capitalism is such a good idea, why don't you go and live in Russia?"

Put to one side that Manchester United shirt sponsor should now be the US Treasury and that Newcastle United's shirts should credit the British taxpayer rather than Northern Rock, nationalisation of the banks makes sound economic sense.

Ignore the fact that the banks have over the years been responsible for the closure of many small and large businesses. We can't have banks being closed down. The economy would not work if the banks were closed down. Without the banks, there would not be anybody to close the other businesses down.

Particularly in a recession, when there are like to be more companies needing to be closed down, it's simply impossible to function with the banks. Explained it simple lay terms, it all makes perfect sense.

Big money was also on the agenda, when George Osbourne was hanging around in some very dubious company over the summer. It's bad enough hanging out with Russian gangsters for the sake of blagging a few quid, but one should really draw the line at associating with the likes of Peter Mandelson. Osbourne assured all of us that all the discussions on Deripaska's yacht were "above board". Who cares in which part of the boat the sleazy deals were done?

But while politics in the US changed forever and capitalism as we know it teetered on the brink of self-destruction, there is little doubt which news story has taken up most front page tabloid space this last month. The much more important issue of two overpaid entertainers harassing an old-age pensioner who used to pretend to be Spanish.

Whether you think Ross and Brand's antics were cutting-edge humour, childishly offensive or arrogant abuse of their position, you have to agree they would never have happened in the days of Lord Reith. One can never imagine a dinner-jacketed announcer proclaiming over the airwaves:

"This is the BBC Light Programme, calling from London. Later tonight Mr Tommy Hanley and the cast of ITMA will be phoning up Mr Arthur Askey to say "I fucked your grand-daughter. I thank you, playmates!" But first, a recital on the piano from Da".



# New Views of Society

Robert Owen  
for the  
21st-century

Edited by Richard Bickle and Molly Scott Cato

Robert Owen was one of the most significant thinkers and social innovators of the nineteenth century. While widely recognised as the 'father of co-operation', and an exemplary industrialist and educational reformer, he is well-known for his work on the development of time-based currencies, trades unionism and experiments in community living. On the 150th anniversary of his death, this book explores these issues through a series of chapters written by leading current practitioners in each of the fields of endeavour that Owen was concerned with, and tries to draw lessons from his experience for social innovators of the future.

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