

houses of straw

pfi blows our future



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Comment

The sensation of PFI is like the sensation of watching your drink get knocked over but in slow motion – you know that by the time you grab it, it’s really too late. The evidence against contracting private companies to build public buildings and then leasing them back over 30 years is overwhelming. They clearly cost more – much more. The need to squeeze profits out of these public buildings results in cuts – hospitals typically lose 30 per cent of their beds when rebuilt in this manner. The contracting out process simply does not transfer risk as is claimed – the contracts are heavily loaded in favour of the developer (which means against the public). The evidence of efficiency is scant. The evidence of quality is clear – these buildings are put up by people whose interest is in maximising profit, not creating quality public assets with longevity. And we know there is no future-proofing – the contracts last 30 years and we’ll be honouring them to the dot and comma, whatever changes the in healthcare educational practices. We are now a decade into the Public Finance Initiative (or translated into Labour, Public Private Partnerships) and these things have been shown through bitter experience. The galling thing is that these catastrophic results were demonstrated **before they happened**. Work by Alison Pollock, George Monbiot and many others started exposing the insanity of PFI from before the first foundation of the Skye Bridge was sunk. So why did no-one listen?

The answer is because these disastrous consequences were either precisely the point or were viewed by PFI’s architects as necessary. The PFI agenda has two root causes. The first is the one many people who know something about PFI cite – that it managed to rebuild infrastructure while keeping the liability off the public books. By an elaborate rent-back scheme it was possible to keep public borrowing down. That it cost us more every single year for the length of the contract didn’t matter. This is not only short-sighted, it seems barely legal. Shareholders in a company who discovered that the company was paying three times as much for its core assets simply so it could cook the books in the short term would have the police in ten minutes after the auditors left. But in fact that is probably not the real

driver behind PFI. Understanding the real attraction of PFI is difficult for most people; most of us simply don’t think in terms of how to ensure that the very rich become richer at the expense of the rest. But that’s the thing about PFI. Business expansion – in the eyes of the true believer – is hampered by no-go areas, prime among them the public sector. Almost everything the Blair Government has done has been about enabling big commercial interests to more efficiently exploit markets, particularly markets that were closed to them. The neo-con orthodoxy say – ‘of course he has, that’s good government’. Unfortunately, there was a very good reason why the ability to exploit was limited. There is only so much gambling we really want in society, hence limits on casinos. We don’t want people drinking themselves to death, hence licensing laws. The Royal Mail was supposed to be about providing a service to all, not dropping the unprofitable bits like a hot potato. Water services in desperately poor countries were not run by profit-making companies for a reason. Schools were not run by religious nuts and ideologically-driven businessmen because of what would happen.

And schools, hospitals, bridges and all of the infrastructure which constitutes ‘our’ country was owned by ‘us’ and not ‘them’ very precisely because the experience of ‘them’ owning the fabric of society was Victorian squalor. The rate at which this is being reversed is petrifying. But there’s a reason for this haste, and it is that it has to be done before the public learns properly the extent of the corruption involved in this scandal. We have been lied to, we have been cheated and where cheating and lying hasn’t worked, we have been kept in the dark. When the corruption is proved beyond doubt, the evidence is simply ignored. And the whole thing is set up in a manner which ensures that it is very difficult to undo – we’re stuck with this state of affairs for a long time. Stopping this travesty tomorrow would be too late.

And the reason for despair grows when we consider the likely outcomes. A just future would see criminal prosecutions for the extreme end of the activity here – the deliberate withholding of

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evidence of malpractice (see the article on the Ayrshire schools) for example. There ought also to be action against those who may not have broken the law but were tasked to act in the public interest and clearly failed to do so. Those who made excessive profits from the scandal should see those profits reclaimed for the public. Contracts which were written against the interest of the client (which is us) should be unilaterally rewritten. And procedure which ensures genuine transparency in future, including clear checks on executive power, should be put in place. But this is not what will happen. The confidence with which this corrupt system has been pursued stems from the experience of previous examples of complex commercial activity which has failed the public. How many people remember that great swathes of public assets were sold off to private profit makers at a price well below its value. There were windfall taxes levied (an important precedent) but the public memory is hardly imprinted with the iniquity of it. Rather, the politics of amnesia will most likely return. There has been so much scandal around the Blair Government that it ought to be considered one of the most corrupt in living memory, but even committed opponents can't keep the volume of wrongdoing in their heads. Can you even clearly remember who Derek Draper was and what he did to make the front pages?

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that wrong has been done (or some other impossibly high burden of proof). When we do these will be 'discredited' or ignored.

And in any case the only power to hold the perpetrators to account is in the hands of the perpetrators. Meanwhile, for the next 30 years we will all pay the price in reduced service at extra cost. It cannot be stated clearly enough; every person in Britain will be paying more in taxes for a poorer service for the single reason that super-wealthy developers have been given giant chunks of our money for doing little more than they would have done anyway (given that it would almost certainly have been the same companies building these hospitals and schools even if the government had paid for them as they should have). Perhaps it is too pessimistic to assume that no-one will be held accountable for this. Perhaps in fact this will be a political turning point in the political glorification of private profit. Perhaps people will remember for years to come what was done to them. Perhaps there will be real redress. Unfortunately, like watching our spilling drink, we may collectively shrug our shoulders

and conclude that it's too late to get annoyed. The difference will be in how those of us who know the level of corruption spread the message. ■

Tessa Jowell politics will probably be the result. We will be challenged to produce photographs and tape recordings proving

the private finance illusion

Dave Watson of UNISON explains the con that is PFI

UNISON calls PFI the Private Finance **illusion** because it is an expensive con. The UK and Scottish governments are conspiring in a wasteful use of public funds to create the illusion of generous investment in new schools, hospitals and other public infrastructure. In fact they are mortgaging us all to the hilt paying for services we could provide more efficiently through conventional funding. Scotland has the highest per capita Private Finance Initiative investment outside London. The Scottish Executive Financial Partnerships Unit website lists £3.2 billion in 'done' deals and £2.8 billion of future PFI deals. Details of all of these deals can be found in the tables at the end of this article. The future deals include £919m for hospitals and £1.8 billion for schools.

So what are PFI and Public Private Partnerships (PPPs)? Whose idea were they and why all the fuss? Essentially the Private Finance Initiative is where the public sector pays the private sector for a new capital asset, such as a hospital, prison or school, on a design, build, finance and operate basis. This means, for example, a local council paying a 25 or 30 year 'mortgage' for the building and the running costs of a group of new schools. Public Private Partnerships include PFI along with similar arrangements such as the new-to-Scotland Local Improvement Finance Trust (LIFT) schemes (joint ventures on a smaller scale than PFI), and the introduction of private sector ownership into state-owned businesses such as Scottish Water Solutions.

The Tories introduced PFI in 1992, aiming to keep borrowing off the public sector balance sheet. Unfortunately, far from rejecting it, New Labour proudly adopted and developed the policy. In Scotland the Scottish Executive wholeheartedly endorsed PFI, despite Scottish public opinion being very clearly opposed to public services being run by the private sector. A few important concessions have been made following political pressure by trade unions - the Scottish Executive agreed in 2002 to measures to prevent contracting out of services leading to a 'two-tier' workforce, three years before similar government action at Westminster.

UNISON believes PFI makes no financial sense because the public sector can borrow at lower rates of interest than the private sector. Proponents of PFI claim the fact it is more expensive is compensated for by the private sector taking on the risk of things going wrong or of costs rising due to poor forecasting of future service needs and demands. However, this is regularly thrown into question by events such as the 2004 collapse of construction firm Ballast, a key contractor in the East Lothian schools flagship private finance project; NHS Lothian's wrangle with Consort Healthcare, operators of the new Edinburgh Royal Infirmary (ERI), who last year demanded an extra £30m over the lifetime of the contract; or the troubles which have plagued the DERL incinerator at Baldovie, near Dundee, which ran up huge losses and has operated at well below capacity. The waste-to-energy plant is a joint venture between the city council and the private sector, but in the wake of the losses it was bought by the council in 2004 then leased to DERL.

The financial crisis currently affecting many English PFI health schemes, along with the impact of the new payment by results funding policy in the NHS south of the border, is leading to predictions that most future private investment there will be in much smaller, more flexible packages than big hospital building projects. This would be via joint ventures and LIFT schemes - used in England to build primary care and joint premises developments such as GP surgeries. However, they maintain all the problems of PFI but introduce further issues including accountability and conflict of interest problems for public sector representatives on the boards of the profit-making companies created. UNISON opposed the recent legislation which allowed joint ventures and LIFTs to go ahead in Scotland.

Many councillors and others who are dubious about PFI argue that they are forced to go down this funding route because Scottish Executive policy ensures that it is effectively 'the only game in town'. Public sector comparators used to justify the PFI route are weighted unfairly, particularly on risk transfer. The transparency which ought to operate in the public sector is not there as Full Business Cases for PFI projects, even where they are published, often have key information missing due to 'commercial confidentiality'. A study by Professor Allyson Pollock of procurement documents from the first wave of hospital PFIs across the UK found the costs rose by an average 72 per cent from original estimates.

In Glasgow's schools PFI the estimated charges for



accommodation nearly doubled between feasibility study and final business case stages.

UNISON is opposed to PFI because:

- The private profit motive has no place in running public services
- Public accountability requires full transparency and PFI fails on this
- PFI does not achieve best value for public funds and risks are not properly transferred to the private sector as claimed
- It leads to reduced service levels, poorer quality systems and buildings
- Public service staff teams are fragmented if some staff are transferred

Although the protocol between the STUC and the Scottish Executive means an end to the two-tier workforce, we believe it makes far more sense to keep staff working together on key services. Our objections are constantly vindicated by the performance of PFI in Scotland and by the opinions of many professionals involved. Take just three broad examples:

- The Skye Bridge, Scotland's first PFI contract, led to the highest toll charges in Europe and was bought out by the Scottish Executive last year for £26.7m. Campaigners wanted a public inquiry as the bridge cost the public purse over £90m, when the developers said it cost £25m to build. First Minister Jack McConnell described the buyout as an outstanding deal for the taxpayer compared to the £38m cost of continuing the contract. But Scotland's Auditor General Robert Black said the buyout was "cost-neutral", taking into account the taxes which Skye Bridge Ltd would have paid if the contract had continued. The PFI contract for Inverness Airport also had to be bought out by the SE.
- The £2.3 billion schools replacement programme was slammed by architects and the construction industry as a waste of taxpayers' money in a recent survey by Scottish Construction News. Poor quality buildings and design was a major complaint. Editor Jonathan Brown said "There is a lot of anger in the industry and a real feeling too that PPP is a rip-off with big future costs to the public purse in the pipeline".
- Health PFI contracts in Scotland have been criticised over bed and service reductions, extortionate car parking and patient telephone charges, poor planning and design

as well as mounting debts. Tom Waterson, of UNISON's Lothian health branch, says that the new ERI has been "a massive mistake" for which the people of Edinburgh and the Lothians and their children and grandchildren will be paying for generations. In Lanarkshire objectors to current proposals to shut one of three accident and emergency units believe that the inflexibility and expense of PFI contracts at Hairmyres and Wishaw hospitals could dictate that it is the non-PFI Monklands hospital whose unit closes, based on finances, not health grounds. The Hairmyres PFI contract was re-financed in 2004, making £8.1m for Kier Group.

New research on public investment in the economy, commissioned by UNISON from the Centre for Public Policy for Regions at Glasgow University, described how problems have arisen from attempts by both Conservative and Labour administrations to induce private capital into long term public infrastructure projects through PPPs. The report said "To guarantee private sector involvement the Labour government has had to construct contracts and forms of market relations that offer very favourable returns to investors, while reducing the share of risk borne by the private sector. The result is often heavily inflated costs to the public purse far beyond what would have been achieved under a more conventional public borrowing arrangement."

So what are the alternatives? Some of the alternatives require amendments to Treasury rules including new definitions of public expenditure in line with European models. Off balance sheet incentives inherent in the current block grant system and Departmental Expenditure Limits (DEL) also need reform. Enron economics is no way to finance our public services. In Scotland progress could be made by providing capital grants on a genuine level playing field basis, giving public authorities a real choice between funding sources. There needs to be a substantial increase in capital funds and the freedom for all public authorities to borrow to fund investment. The Executive has made progress on this by giving local authorities prudential borrowing powers. But these powers are limited if grants are only available to those local authorities who use PFI. Other claimed alternatives to PPP, such as 'not for profit' Trusts are still PPP schemes with a different form of company structure. In the main this is simply window dressing. Conventional borrowing remains the most cost effective and flexible method of financing public services. It retains accountability and enables public authorities to engage in genuine consultation with service users without the smokescreen of commercial confidentiality. ■

Dave Watson is Head of Policy for UNISON Scotland

DONE DEALS					
Project Name	Sector (See note)	Contract term (years)	Capital Value (£m)	Procuring Agency	Consortium
OPERATIONAL					
North Ayrshire College, Kilwinning	FE	25	8.6	James Watt College	JWC Kilwinning Ltd
Livingston Further Education Centre	FE	25	15	West Lothian College	West Lothian SPV
Stirling Further Education Centre	FE	25	3.6	Falkirk College	Stirling Centre Ltd
NHS Grampian - Kincardine Community Hospital	H	10	3.8	Grampian Health Board	Grampian Healthcare
NHS Highland - New Craigs	H	25	16.5	Highland Communities NHS Trust	Robertson Consortium (Inverness)
NHS Tayside - HIS (Perth)	H	7	2.3	Tayside University Hospitals NHS Trust	Shared Medical Systems (UK) Ltd
NHS Lanarkshire - HIS (Lanarkshire)	H	7	2.5	Lanarkshire Acute Hospitals NHS Trust	McKesson HBO & Co
NHS Lothian - Tippethill	H	25	2.3	West Lothian NHS Trust	Care UK
NHS Lanarkshire - Hairmyres Hospital	H	30	68	Lanarkshire Acute Hospitals NHS Trust	Keir

NHS Dumfries & Galloway - Daycare and Maternity Services	H	30	10	Dumfries & Galloway Acute & Maternity Hospitals NHS Trust	Canmore Partnerships Ltd
NHS Greater Glasgow - Rutherglen	H	15	5	NHS Greater Glasgow	Care First Health Care Ltd.
NHS Greater Glasgow - Shettleston	H	15	3.8	NHS Greater Glasgow	Highfield Group
NHS Greater Glasgow - Ruchill	H	15	3.3	NHS Greater Glasgow	Westminster Health Care
NHS Lothian - Findlay House	H	30	4	Lothian Primary Care NHS Trust	Robertson Consortium (Findlay House)
NHS Lanarkshire - Patient Management System	H	7	4.4	Lanarkshire Acute Hospitals NHS Trust	Northgate Information Solutions plc.
NHS Tayside - Energy Management System	H	16	2.8	Tayside University Hospitals NHS Trust	Scottish and Southern Energy
NHS Greater Glasgow - HIS (Yorkhill)	H	10	2.5	Yorkhill NHS Trust Glasgow	Data General & Meditech
NHS Lothian - Energy Management System	H	20	3	Lothian University Hospitals NHS Trust	Scottish Hydro Electric
NHS Lothian - Ellen's Glen House	H	30	2.7	Lothian Primary Care NHS Trust	James Walker (Leith) Consortium
NHS Tayside - Carparking facilities (Ninewells)	H	30	3.3	Dundee Teaching Hospitals NHS Trust	Impregilo (UK) Ltd
NHS Tayside - Carseview Psychiatric Unit	H	25	10	Tayside Primary Care NHS Trust	Jarvis Consortium
NHS Ayrshire & Arran - East Ayrshire Community Hospital	H	25	8.6	Ayrshire & Arran Community Healthcare NHS Trust	GA Construction Ltd
NHS Lothian - CT and MRI scanning system	H	25	2.2	Lothian University Hospitals NHS Trust	IGE Medical Systems
NHS Northern Trusts - Clinical Waste Disposal (Northern)	H	25	6	Northern NHS Trusts/Health Boards	Eurocare Environmental Services Ltd
NHS Lothian & Forth Valley - Clinical Waste Disposal	H	10	4.5	Lothian and Forth Valley Health Boards	White Rose Environmental
NHS Ayrshire & Arran - Irvine	H	15	3.8	Ayrshire and Arran NHS Board	Craigmoore Health Care Co. Ltd.
NHS Ayrshire & Arran - Saltcoats	H	10	2.5	Ayrshire and Arran NHS Board	Care First Health Care Ltd.
NHS Highland - Easter Ross County Community Hospital	H	25	8.8	Highland Primary Care NHS Trust	Robertson Group
NHS Lanarkshire - Wishaw General Hospital	H	30	100	Lanarkshire Acute Hospitals NHS Trust	McAlpine Healthcare
NHS Lothian - Ferryfield House	H	25	2.5	Lothian Primary Care NHS Trust	James Walker (Leith) Consortium
NHS Lanarkshire - Stonehouse Hospital	H	25	3.9	Lanarkshire Primary Care NHS Trust	No Consortium
NHS Lanarkshire - Bellshill	H	10	2.8	Lanarkshire NHS Board	BUPA Healthcare Homes
NHS Lothian - New Royal Infirmary of Edinburgh	H	25	180	Lothian University Hospitals NHS Trust	Consort Healthcare
NHS Greater Glasgow - Darnley	H	15	3.5	NHS Greater Glasgow	Associated Nursing Services Ltd.
NHS Greater Glasgow - Mearns Kirk	H	10	2.4	South Glasgow University Hospitals NHS Trust	James Walker (Leith) Consortium
NHS Greater Glasgow - Geriatric Medicine & Assessment	H	60	11	South Glasgow University Hospitals NHS Trust	Tarmac Construction
NHS Greater Glasgow - HIS (SGH)	H	8	2.4	Southern General Hospital NHS Trust	Data General & Meditech
NHS Lothian - HIS	H	13	12	Lothian University Hospitals NHS Trust	HBO & Co (UK) Ltd
NHS Tayside - Replacement of Forfar Infirmary & Whitehills Hospital	H	30	22.5	Tayside Primary Care NHS Trust	Robertson Consortium (Forfar)
NHS Tayside - X-ray dept	H	25	4.3	Tayside University Hospitals NHS Trust	Siemens Healthcare Services Ltd
NHS Argyll & Clyde - Larkfield	H	25	10	Argyll & Clyde Acute Hospitals NHS Trust	Melville Dundas
NHS Lanarkshire - Cumbernauld (60 bed)	H	15	2.5	Lanarkshire NHS Board	Grampian Homes Ltd.
NHS Lanarkshire - Cumbernauld	H	10	3	Lanarkshire NHS Board	Scotcare Group
Baldovie Waste to Energy Plant	LA	20	43	Dundee City Council	Dundee Energy Recycling Limited (DERL)
Balfron School	LA	25	16.5	Stirling Council	Balfron School Services Ltd
Argyll & Bute Waste Management	LA	25	21.7	Argyll & Bute Council	Shanks
Falkirk Schools PPP1	LA	25	65	Falkirk Council	Class 98 Ltd
Aberdeenshire Schools Project PPP1	LA	25	14.3	Aberdeenshire Council	Robertson Consortium (Aberdeen)
Glasgow Schools	LA	30	225	Glasgow Council	3ED=Miller, Mitel & Hewlett Packard
Dumfries & Galloway Waste Management/ Recycling Project	LA	25	25	Dumfries & Galloway Council	No Consortium
West Lothian Council Schools PPP1	LA	30	27.8	West Lothian Council	Alpha Schools (West Lothian) Ltd
East Lothian Schools	LA	30	37	East Lothian Council	Innovate Consortium
Perth & Kinross Council Office Accommodation	LA	25	15	Perth & Kinross Council	Kinnoull House Ltd
City of Edinburgh Schools PPP1	LA	30	80	City of Edinburgh Council	Edinburgh Schools Partnership
Highland Schools PPP1	LA	25	17	Highland Council	MJ GLEESON GROUP
Highland Council - IS/IT Services	LA	10	13	Highland Council	ICL/CFM
Moray Council - Integrated Education Management Service	LA	7	5.6	Moray Council	ICL in conjunction with QSP

East Renfrewshire Schools PPP1	LA	27	16.5	East Renfrewshire Council	East Renfrewshire School Services Ltd
Midlothian Schools PPP1	LA	30	33	Midlothian Council	HBG
Fife Schools PPP1	LA	25	40.4	Fife Council	Pinnacle Schools (Fife) Ltd.
SCRA - Integrated Information System	O	12	3	Scottish Children's Reporter Administration	Logica UK Ltd
Visitscotland.com	O	15	0	STB/ATB Network	JV
Inverness Airport Terminal	O	25	9.5	Highlands & Islands Airports Ltd	Inverness Airport Terminal Ltd.
Police Force Training Centre, East Kilbride	P	25	17	Strathclyde Police	Babcock & Brown
Kilmarnock Prison	SEA	25	32	Scottish Prison Service	Kilmarnock Prison Service Ltd (KPSL)
M6 DBFO	SEA	30	96	Development Department	Autolinks Concessionaries plc-Amey plc
SCRO Part V Disclosure Service	SEA	10	8	Scottish Executive	No Consortium
M77 / Glasgow Southern Orbital Road (SE / East Renfrewshire)	SEA	32	135	East Renfrewshire Council	Connect
Almond Valley, Esk Valley & Seafield Sewage Scheme	WS	30	170	East of Scotland Water Authority (Scottish Water)	Stirling Water Seafield Ltd
Aberdeen, Stonehaven, Fraserburgh and Peterhead sewage and sludge treatment	WS	30	80	East of Scotland Water Authority (Scottish Water)	Aberdeen Environmental Services
Inverness Main Drainage/Fort William Sewage Treatment	WS	25	45	East of Scotland Water Authority (Scottish Water)	No Consortium
Levenmouth Purification Scheme	WS	30	47	East of Scotland Water Authority (Scottish Water)	Caledonian Environmental Services
Tay Waste Water Project	WS	30	90	East of Scotland Water Authority (Scottish Water)	Catchment Tay Ltd
Meadowhead(Irvine) Ayr, Stevenston and Inverclyde Sewage Treatment	WS	30	65	East of Scotland Water Authority (Scottish Water)	Ayr Environmental Services
Daldowie/Shieldhall Sludge Treatment Centres	WS	30	65	East of Scotland Water Authority (Scottish Water)	SMW
Dalmuir Sewage Treatment.Provision of Secondary Treatment	WS	30	50	East of Scotland Water Authority (Scottish Water)	Scotia Water
Moray Coast Waste Water Project	WS	30	42	East of Scotland Water Authority (Scottish Water)	Catchment Moray Limited
SIGNED					
NHS Greater Glasgow - Car Parking Facilities	H	20	8	North Glasgow University Hospitals NHS Trust	Impregilo (UK) Ltd
NHS Greater Glasgow - Stobhill Local Forensic Psychiatric Unit	H	25	17.9	NHS Greater Glasgow	Balfour Beatty, Canmore and Parsons Brinckerhoff
NHS Ayrshire & Arran - Provision of New Maternity Unit, Crosshouse Hospital	H	25	20	Ayrshire and Arran Acute Hospitals NHS Trust	No Consortium
NHS Argyll & Clyde - Replacement of Mid-Argyll Community Hospital	H	25	19.2	Lomond and Argyll Primary Care NHS Trust	Canmore Partnerships Ltd
Argyll & Bute Schools	LA	30	151.4	Argyll & Bute Council	Precept Programme Management Limited Consortium
Aberdeenshire Schools Project PPP2	LA	25	65.1	Aberdeenshire Council	Robertson Education (Aberdeenshire 2) Ltd
A92 Upgrading	LA	30	61.5	Angus Council	Ash Consulting Group
Renfrewshire Schools	LA	32	194.2	Renfrewshire Council	Renfrewshire Schools Partnership
Fife Schools PPP2 - Expanding Horizons New Community Schools	LA	25	63.5	Fife Council	Emblem Schools Limited
North Lanarkshire Schools	LA	31	280.7	North Lanarkshire Council	Transform Schools (North Lanarkshire) Ltd
East Renfrewshire Schools PPP2	LA	25	55.7	East Renfrewshire Council	HBG
FUTURE DEALS					
Project Name	Sector	Contract term (years)	Capital Value (£m)	Procuring Agency	Estimated Service Start
TENDERS ADVERTISED/NEGOTIATED					
NHS Greater Glasgow - Ambulatory Care at Stobhill	H	25	124	NHS Greater Glasgow	Dec-07
NHS Lothian - Midlothian Community Hospital	H	25	8.1	Lothian Primary Care NHS Trust	May-08
NHS Greater Glasgow - Gartnavel Royal Psychiatric Hospital	H	25	19.5	NHS Greater Glasgow	Aug-07
Dundee Schools	LA	30	80	Dundee City Council	Aug-07
Midlothian Schools PPP2	LA	30	50	Midlothian Council	Dec-06
Falkirk Schools PPP2	LA	30	70	Falkirk Council	
Highland Schools PPP2	LA	30	100	Highland Council	Jun-08

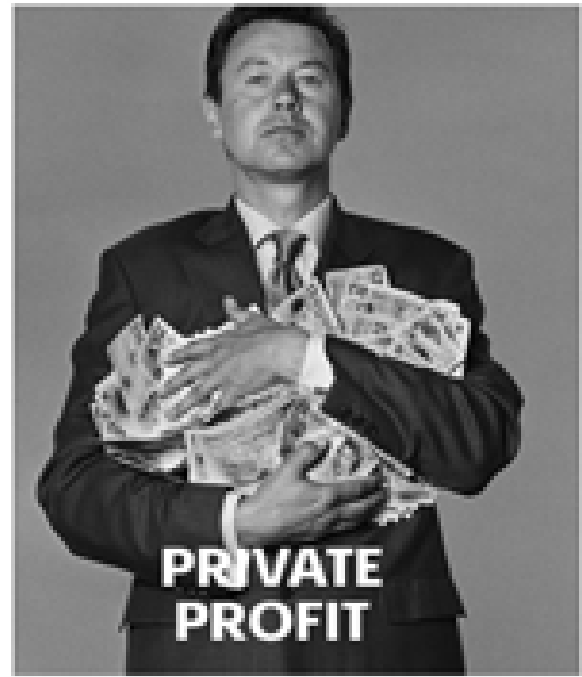
North Ayrshire Schools	LA	30	80	North Ayrshire Council	Jul-07
Perth & Kinross Schools	LA	30	100	Perth & Kinross Council	Aug-07
East Ayrshire Schools	LA	25	60	East Ayrshire Council	Aug-07
Scottish Borders Schools	LA	30	50	Scottish Borders Council	Aug-08
South Lanarkshire Schools	LA	30	150	South Lanarkshire Council	Aug-08
West Lothian Schools PPP2	LA	30	50	West Lothian Council	
Clackmannanshire Schools	LA	30	48	Clackmannanshire Council	Dec-07
City of Edinburgh Schools PPP2	LA	30	180	City of Edinburgh Council	Aug-08
Angus Schools	LA	30	50	Angus Council	Aug-08
Stirling Schools	LA	30	60	Stirling Council	Aug-07
East Dunbartonshire Schools	LA	30	100	East Dunbartonshire Council	Feb-10
South Ayrshire Schools	LA	30	60	South Ayrshire Council	Aug-07
Aberdeen City Schools	LA	25	80	Aberdeen City	Aug-08
Addiewell Prison	SEA	25	80	Scottish Prison Service	
ADVERTISED					
NHS Forth Valley - Forth Valley Acute Hospital Project	H	25	269.5	Forth Valley Acute Hospitals NHS Trust	Dec-09
NHS Fife General Hospitals and Maternity Services Project Stage 1 - New Build Extension	H	0	114.5	Fife NHS Board	Mar-10
NHS Forth Valley - Clackmannanshire Community Health Services Project	H	0	19	Forth Valley Acute Hospitals NHS Trust	
Lanarkshire Waste Management Procurement	LA	0	44.1	No Agency	
POTENTIAL					
NHS Lothian University Hospitals Trust PACS	H	0	8	Lothian University Hospitals NHS Trust	
NHS Shetland - New Hospital Facilities	H	25	44.7	Shetland NHS Board	
NHS Greater Glasgow - Energy efficiency and environmental improvement initiative	H	25	6	NHS Greater Glasgow	
NHS Ayrshire & Arran - Girvan Community Hospital	H	0	15.9	Ayrshire and Arran Primary Care NHS Trust	Mar-09
NHS Fife - St Andrews Community Hospital and Resource Centre	H	0	20	Fife NHS Board	Mar-09
NHS Lothian. Reprovision of Haddington Hospital Services	H	0	32.3	Lothian Primary Care NHS Trust	Oct-09
NHS Lothian - Musselburgh Health Services	H	25	15	Lothian Primary Care NHS Trust	
NHS Forth Valley - Primary Care & Community Services Programme	H	25	40	Forth Valley Acute Hospitals NHS Trust	
NHS Glasgow - Southern General Hospital	H	0	0	North/South Glasgow University Hospitals NHS Trust	
NHS Dumfries & Galloway - Redesigning & Modernising accommodation for acute mental health services	H	25	7.6	Dumfries & Galloway NHS Board	Nov-06
NHS Grampian - Reprovision of Forres Hospital & Health Centre	H	0	8.1	Grampian Primary Care NHS Trust	
NHS Argyll & Clyde - Review of Maternity Services	H	25	6	Argyll & Clyde NHS Board	
NHS Tayside - Mentally Disordered Offenders Unit	H	25	24	Tayside Health Board & Angus NHS Trust	Jun-08
NHS Tayside - Acute Balance of Care (ABC)	H	25	25	Tayside Primary Care NHS Trust	
NHS Tayside - Reprovision of General Adult Psychiatry	H	0	9.5	No Agency	
NHS Lothian - Redevelopment of Royal Edinburgh Hospital	H	0	65	Lothian and Forth Valley Health Boards	
NHS Dumfries & Galloway - Developing Hospital Services in D&G Royal Infirmary	H	0	35.7	Dumfries & Galloway NHS Board	
Moray Schools	LA	30	50	Moray Council	Dec-07
Dumfries & Galloway Schools	LA	25	100	Dumfries & Galloway Council	
Midlothian Waste Project	LA	25	26.7	Midlothian Council	
Inverclyde Schools	LA	30	80	Inverclyde Council	Aug-06
West Dunbartonshire Schools	LA	30	100	West Dunbartonshire Council	Aug-08
Comhairle nan Eilean Siar Schools	LA	30	52	Comhairle nan Eilean Siar	Aug-10

NOTE

Sector: FE = Further Education, H = Health, LA = Local Authority, O = Others, SEA = Scots Exec & Agencies, P = Police, WS = Water & Sewerage



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only the profit is healthy

PFI is only one part of the privatisation of Scotland's health service, argues Mark Hellowell

The government is tampering with its hospital-building programme, prompting rumours that PFI's days might be numbered. But the speculation is misinformed; private financing will continue to dominate investment in the Health Service on both sides of the border.

It is certainly true that there has been a rethink about the scale of the programme in England. The first signs of this emerged at the end of last year when Patricia Hewitt, the Health Secretary, called a halt to the £1.2bn PFI scheme for the Barts and the Royal London hospitals, citing affordability concerns. The irony of this will not have escaped those with knowledge of PFI. It is well known that all PFI projects in the NHS cost too much, and that trusts can only meet the unitary charge by cutting services and staff. Where cuts have not been substantial enough, trusts are left with unmanageable deficits. Take, for example, the Queen Elizabeth Hospital NHS Trust in Woolwich, London. A starkly worded report by the hospital's auditors PriceWaterhouseCoppers, issued in December, gives a good account of the extent of the financial problems. The trust moved to into its new PFI building in 2001, and the auditors project a deficit of £19.7m for 2005/06. This, said the 'public interest report' was because of the high fixed costs of the PFI scheme and not, as the government claims, anything to do with inefficiency. In fact, the trust, said PwC (incidentally, the most important accountancy firm involved in PFI), has achieved 'underlying relative efficiency' if the costs of PFI are stripped out.

Meanwhile, the idea that Barts and The London has played host to an unusual level of cost increase, as suggested by Patricia Hewitt in an interview with the BBC, was also incorrect. As the Table (below) shows, the cost hikes on the East London project, while enormous by any reasonable standards, are modest in comparison with the other current NHS schemes. Despite the government's attitude toward Barts and the subsequent talk of downsizing the programme, it is premature to predict the end of the policy. There will in fact continue to be a major programme of private financing in the NHS nationwide. In England, the programme of hospital building will be cut from £12bn to between £7bn and £9bn, according to the Department of Health. But this does not represent a reduction in private financing because it will be compensated for in other areas.

The cut reflects a new policy focus on delivering clinical services away from general hospitals, in smaller units, sometimes known as polyclinics or community hospitals. Over 50 of these facilities will be procured in England under the Local Improvement Finance Trust (LIFT) initiative, PFI's counterpart in primary care. So far this has been used to build new GP surgeries and local health centres in England. Half of all Primary Care Trusts have entered into contracts under this programme and the rest are expected to follow suit. Now, however, Whitehall wants to expand the model to include facilities that will provide a broader range of care, including primary, diagnostic and specialist services.

Meanwhile, north of the border, the size of the current PFI programme in the NHS remains unchanged at just under £1bn. Huge new hospital projects are planned for Fife and the Forth Valley and Scotland is to follow its neighbour's example in using LIFT for new primary and community care facilities. An initial wave of six to eight schemes, worth between £20m and £30m each, is currently being planned by the Scottish Executive's health department. These schemes will be overseen by the new 'community health partnerships', and so will focus on both primary and social care. The legislation required to import LIFT was hidden away in last year's Smoking, Health and Social care Bill. Because the eyes of the public, the media and the politicians were focused on the tobacco issue, the LIFT clauses passed almost unmentioned. Ministers were able to present the policy as simply a common-sense move, and the Scottish Socialists received no takers when they tried to generate a debate.

LIFT is in fact a serious issue; its implementation in Scotland will certainly damage the Health Service. Like PFI, LIFT generates an affordability gap – meaning that resources have to be diverted from other capital works and clinical services to pay the charges. But there are additional problems with LIFT. Important questions need to be raised about its potentially serious affect on democratic accountability. The LIFT approach involves the creation of new public-private companies which take responsibility for managing and investing the health estate into the private sector and away from the NHS. The new LIFT companies (or LIFTCos) are largely owned by the private partner. They plan health investment and execute all new health projects under contracts that last 25 years. Local NHS bodies hold shares in these profit-making entities and take seats on the board of directors, raising obvious questions about potential conflicts of interest. But this issue has not been addressed. And despite ministerial assurances at the time of the Smoking Bill there has been no real evaluation of LIFT schemes in terms of their affect on NHS finances and service delivery.

The Westminster Government and the Scottish Executive point to a National Audit Office report which was supportive of the initiative's performance in England. But this report has been totally discredited, and its conclusions found to be invalid. The NAO's own quality assurors, Oxford University Consulting, said the auditors had produced no evidence to support the conclusion that "LIFT models appear to be an effective mechanism clearly demonstrating value for money". The academics suggested that, in fact, the report contained no value for money analysis at all. Meanwhile the House of Commons Public Accounts Committee, for whom the NAO notionally 'works', criticised the report and, in an unprecedented move, asked the NAO to produce a new one. This 'supplementary' report was due to be published in February but now appears to have been kicked into the long grass. During its hearing, the PAC heard evidence from Dr Bhupinder Kohli, a GP whose premises in Newham, East London, were the first to open under LIFT in 2004. Dr Kohli's data provides clear evidence that LIFT is leaching resources

away from the rest of the local health economy. His data shows that the average spend per patient by his primary care trust on premises is £8, but this rises to £43.40 for Newham's two LIFT buildings. These facilities treat just eight per cent of the PCT's population, but account for 33 per cent of the facilities budget. Even the NAO has drawn attention to "the common perception" among pharmacists, dentists and local authorities "that the higher cost of LIFT, compared to current rent payments, outweighs the benefits of new, purpose built premises". Sadly, the auditors chose not to provide any further analysis.

Actually, the risk to the Health Service presented by LIFT goes well beyond issues of accountability, affordability and value for money, important though these elements are. In England, the LIFT model is very quietly being 'enhanced' so that it can play a more pivotal role in the privatisation of clinical services – a key Department of Health goal. Under new plans, companies involved in LIFT are to become commissioners of healthcare, managing a 'supply chain' of providers to deliver local services. Initially, this will take place in primary care but, with the expansion of LIFT's scope to include diagnostics and elective care, the government's intentions are pretty clear. LIFT LOBI, an organisation representing companies involved in LIFT, is backing the new focus on 'polyclinics' or community hospitals, aware that the profit-making opportunities for this new industry will be considerable. The lobby group is pushing for the new facilities to take the form of 'health malls' in which a range of private providers will deliver services. The recent health white paper backs this approach and thus, in England, both the commissioning and provision of healthcare services will be placed in private hands through LIFT.

It is not yet clear to what extent Scottish ministers want to follow this route. Andy Kerr, the health minister, has said in the Scottish Parliament that there is currently "no policy intention for joint venture companies established to provide clinical services". However, some initial steps are being taken towards the English model of 'diverse' markets in healthcare commissioning and delivery. The Scottish Executive's recent policy paper **Delivering for Health** outlined a variety of ways in which the private healthcare sector would be used to "support our objectives for a greater separation of elective and emergency work and for faster access to diagnostic services". Health officials have earmarked £45m over three years to develop

Independent Sector Treatment Centres (ISTCs) on the English model. The rhetoric is all about additional capacity and bringing down prices, but if the example of England is followed, neither goal will be achieved. From its inception, the ISTC procurement programme's stated function was to establish additional clinical capacity in specialties that traditionally suffer from long waiting times, such as orthopaedics and ophthalmology. But, as the

British Medical Association has argued in evidence to the Health Select Committee recently, the ISTC programme has added very little capacity. Instead, the programme will see large volumes of activity **transferred** from NHS organisations to the for-profit health sector.

Meanwhile, the paucity of data on the costs of ISTCs makes judgements about value for money difficult. Downing Street recently announced details of a new report which it said proved the increased efficiency and effectiveness of ISTCs. It subsequently emerged that the author of this report was Ken Anderson, a Texan who, as Commercial Director of the Department of Health, manages the ISTC programme. The report has not been published. However, what little evidence does exist demonstrates that the NHS and taxpayers are paying a premium for independent sector involvement. The government stated last March that in 2003-04 the "procedures purchased under the ISTC programme cost on average nine per cent more than the NHS equivalent cost".

Moreover, the contract agreements for the first phase of the ISTC programme gave rise to a number of instances where ISTC block contracts are paid in full, despite the ISTCs failing to deliver the number of clinical procedures stipulated in those contracts. This can hardly represent value for money for those Primary Care Trusts.

Anyone interested in safeguarding an efficient, equitable and universal healthcare system in Scotland would be well-advised to watch what is happening in England. First PFI, then LIFT and now private clinical provision have crossed the border. The direction of travel is clear; with each new import, the privatisation of Scotland's NHS takes a step closer. ■

Mark Hellowell was a journalist for six years covering public policy, and especially public private partnerships, for a number of newspapers and magazines. He now works as a research fellow in public private partnerships at the University of Edinburgh.

Table: Increases to the capital cost of PFI schemes between Outline Business Case and the December 2005

Hospitals	Capital Cost at OBC £m*	Capital cost 2005 £m	Change %
South Devon	65	341.2	424.9
Walsall	43	164.5	282.6
Peterborough and Stamford	135.0	381.0	182.2
Tameside & Glossop	41.0	114.7	179.8
Essex Rivers – Colchester	79.0	216.0	173.4
Maidstone and Tunbridge Wells	175.0	427.6	144.3
University Hospitals , Birmingham	291.0	696.0	139.2
Mid-Essex	80.0	186.0	132.5
University Hospitals of Leicester	286.0	574.0	100.7
Barts and The London	620.0	1128.0	81.9
Whipps Cross	184.0	328.0	78.3
North Staffordshire	224.0	391.0	74.7
Hull & East Yorkshire	37.6	63.6	69.1
Salford Royal Hospitals	114.0	190.0	66.7
St Helens and Knowsley	229.8	380.1	65.4
Mid Yorkshire	164.1	265.7	61.9
North Middlesex	73.0	108.0	47.9
Tees and North East Yorkshire	73.0	78.0	6.8

* Projects are ranked according to the cost increase magnitude in percentage terms

Source: Draft memorandum received from the Department of Health containing replies to a Written Questionnaire from the Committee, Published by House of Commons Health Select Committee, December 2005



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the profit myth

One of the main arguments in favour of PFI is that the public sector ‘crowds out’ the private sector and harms economic growth. Andy Cumbers dismantles it.

The Scottish public sector has recently come under sustained attack from business and corporate interests. At a private breakfast meeting with MSPs on 6 October the chairman of Scottish Enterprise, Sir John Ward, allegedly made a comment comparing areas of the Scottish economy with the former Soviet Union by suggesting that government spending in Ayrshire was at “Eastern bloc” levels. An article in **Scotland on Sunday** (9 October) argued that the Scottish public sector was “cash-bloated” and “efficiency-challenged”, alongside which it stressed the need to reduce taxes because high rates “depress the private sector” as does public sector employment, a position endorsed by Bill Jamieson, writing in the SoS’s sister paper **The Scotsman** (10th October). A few weeks later, George Kerevan weighed in, in his Scotsman column, comparing Scotland unfavourably to Ireland and other small European countries such as Estonia where the key to economic success is perceived as a low tax, ‘minimalist state’ economy.

At one level these attacks could be dismissed as the usual (pro-business) suspects engaging in one of their periodic feeding frenzies on the beleaguered public sector and its workforce. But, at another level, they represent the outriders of a more pervasive ‘common sense’ about the ‘crowding out’ effects of government spending on the economy, which is also shared by New Labour ministers. This ‘common sense’ needs to be revealed for the empty vessel that it is, devoid of any substantive evidence and prone to fall apart when exposed to detailed scrutiny.

Crowding out arguments were central to the analysis of leading Conservative and neoclassical economists in the 1970s in explaining the decline of British industry. In particular, industrial decline was attributed to the displacement of private industry by the public sector, especially through the growth of non-market sectors like health and education. Evidence for crowding-out effects can be derived from comparing potential with actual performance within an economy. If we take the average UK growth rate

as the potential output that Scotland could achieve then it would appear that Scotland is underperforming. The argument that private investment is being crowded-out in Scotland is based on evidence of levels of economic growth, namely the lower relative performance in GDP growth against the UK average.

Whilst it is true that the Scottish economy has performed below the UK national average for a long period, certainly going back to the late 1970s, it would be difficult to make the argument that this is due to the crowding out effects of public expenditure. Treasury figures for 2005 show that public sector investment has declined significantly since the late 1960s. As a proportion of GDP, public investment declined from 7.1 per cent (1967-8) to less than one per cent by the mid 1990s, before rising under the current Labour Government to 1.6 per cent in 2004-5. In contrast, public expenditure has fluctuated considerably since 1980. Increases in expenditure during the 1980s and 1990s, up until 1997, were largely due to the effects of the economic cycle. In particular, the recessions of the late 1970s to early 1980s and early 1990s and rising unemployment were the main reasons for the rise in the state sector under the Thatcher and Major administrations. However, since a peak in the early 1980s, the trend over the longer term has been one of decline, even allowing for the increases by the current Labour Government since 1999. With respect to Scotland, it has been argued that the relatively low level of recent GDP growth, with an average



annual rate of around 1.7 per cent between 2000 and 2003, is a direct result of public spending, as public expenditure 'crowds out' private spending, particularly associated with devolution. As Fraser Nelson noted in **The Scotsman** (27 October) "the government employs a third of the workforce, and pays another sixth to be either unemployed or claim incapacity benefit. There is less room for companies to grow."

This analysis is flawed on several counts. Most importantly, it conflates two very different aspects of possible crowding-out effects; (a) the macroeconomic effect on interest rates and investment, and (b) the structural effect on employment and firms. It also ignores the 'crowding-in' effects of public expenditure, such as that from education, infrastructure or research and development spending. The argument also rests on the assumption that the public sector is less efficient than the private sector – an argument at the heart of PFI policy. Private sector spending, so this argument goes, is more productive than public sector spending leading to higher rates of economic growth for those countries that have a low level of state spending. But there is not data to support this. Indeed, if anything, the arguments actually work in reverse.

The international comparative evidence reveals little discernible pattern in the relationship between economic growth and levels of public sector involvement in the economy. In a recent paper for UNISON, with Kean Birch (available at www.unison-scotland.org.uk/briefings/addingvalue.pdf), an analysis of OECD countries found neither a negative or positive relationship between rates of economic growth and levels of government spending. We did however find that there was a positive relationship between increased government spending in the later 1990s to early 2000s and economic growth. As **Financial Times** columnist Martin Wolf has noted, "no link exists between the size of government spending and something one could reasonably define as 'international competitiveness'". Moreover, if we are concerned with a broader definition of economic development and exploring other measures of performance, public sector involvement in the economy has more beneficial effects, particularly in combating inequality.

Ireland, with its image as a low business tax haven, is a favourite for the critics of big government, especially in Scotland. Certainly Ireland has enjoyed strong economic growth in recent years, well above that of Scotland. But what Kerevan and friends won't tell you is that since its entry into the EU in 1973, Ireland has been the beneficiary of vast sums of state expenditure – through from the European rather than national level. Through CAP assistance and regional development aid, Ireland has received over €34 billion of net investment from the EU since 1973. Between 1984 and 1995 net EU receipts to Ireland were on average worth over four per cent of national GDP and even in 2003 the country was still receiving the highest net receipts of all EU countries at €1.5 billion or €391.70 for every Irish person. Behind the rhetoric of the Celtic Tiger are some less appealing characteristics. In particular, levels of inequality as measured by the GINI index reveal Ireland to be one of the most unequal countries in the OECD. Ireland's growth miracle has in this sense been highly unevenly distributed, both between rich and poor and geographically between the cities and outlying regions. 'Hot spots' of development in Dublin, Cork and Galway co-exist with continuing poverty and social dislocation in other parts of the country.

At a broader level, there has been a growing recognition in academic and policy circles that forms of government intervention are critical for successful regional and national economic performance, particularly if growth is to be balanced with a more even distribution of wealth. Recent global financial crises and corporate scandals, such as the collapse of Enron, have demonstrated the dangers of unregulated economic development and trade. In this context, those arguing against 'Big Government' in Scotland are directing their ire at a 'straw man'. No serious economic commentators are arguing for Soviet style command economies, but there is recognition that the state and public sector have an important role to play in economic development, particularly if the needs of business are to be balanced against those of the wider population and the environment. Moreover debates about how countries compete in the context of an increasingly knowledge intensive economy have identified the important incubator and anchoring roles played by public sector institutions in fostering growth in new local clusters linked to sectors such as information technology and biotechnology. Researchers stress the importance of the qualitative nature of the relationships between state and business, between public sector actors and the private sector in fostering economic growth and more importantly adapting successfully to a dramatically changing global economy.

Government investment has been critical in the success of a small country like Finland, which has developed a competitive presence in sectors such as IT, telecommunications (symbolised by the emergence of Nokia as world leader in mobile phones) and biotechnology. Crucially, the Finnish government expanded R&D expenditure from one to three per cent of GNP between 1980 and 1999. Contrast UK government expenditure on science and technology which remained static at 0.2 per cent of GDP between 1987 and 2004. In Scotland, the public sector, in various forms, has played an important role in the development of the country biotechnology cluster. A critical factor is the overall investment in Scottish higher education (and schooling), which is now 40 per cent more per capita than the rest of the UK, whilst Scotland is over-represented in the UK in terms of its share of university graduates in the life sciences, producing a yearly average of 18 per cent of all UK's postgraduates.

It is not surprising that business and media commentators rail against the public sector. There is nothing new to arguments for low taxation from corporate lobbyists. From the perspective of a corporate executive, more tax paid to government can mean less finance for investment, or perhaps, more pertinently, less money in the pocket towards that condominium in Barbados. Yet it is inexcusable for politicians supposedly on the centre left to continue to berate the public sector and extol the merits of private enterprise. It is high time that we begin to tackle these arguments head on and subject them to detailed scrutiny and the ridicule they deserve. A step in the right direction occurred in the aftermath of our UNISON report when the head of the CBI in Scotland, Iain McMillan, found himself in the unusual position of being accused of 'market extremism'. This seems like a useful phrase and starting point for launching the fight back. ■

Andy Cumbers teaches political and economic geography at the University of Glasgow and is co-convenor of the Alternative Economic Strategy for Scotland.

the strange case of the ayrshire schools

The farce of the North and South Ayrshire private finance schools programme is indicative of the wider problems with PPP/PFI. Henry McCubbin and Campbell Martin have been at the forefront of the campaign of opposition.

At a meeting of the appropriate committee in South Ayrshire Council in July the councillors were reminded that they had issued the Invitation To Negotiate their schools PPP documents to three consortia; Comprehensive Estate Services, First Class Consortium and Education 4 All. CES was not, as claimed, a subsidiary of a major public works firm in Singapore. In fact, it emerged in North Ayrshire that it had a credit rating of zero, no functioning office and had filed no accounts. Fully what transpired is not as yet public because "due to issues of commercial confidentiality the report is subject to Para of Part 1 of Schedule 7a of the Local Government Scotland Act 1973". The Council refused to reveal all. It appears that freedom of information applies when it's too late to save Council Tax payers the immense future costs of PPP. However, one bid was rejected following an assessment of the submission by the Council's External Advisors – that of CES! So now there are only two bidders.

And, talking about external advisors, the head of the PPP project received a progress report from each of the External Advisors (there are three of them) saying that "Ideally, the reports would have enabled the Council to appoint a Preferred Bidder". But the External Advisors were unanimous that the Council should have a further round of negotiations under a procedure known as Best and Final Offer (BAFO) because the two bids on the table were out with the affordability criteria. Therefore the consortia would be willing to sit down and discuss which desirable bits of the school estate could be lopped off to meet their profit margins. At this point the External Advisors, no doubt with straight faces, pointed out that their original contract did not include this extra phase (which they argued they now needed) in its costing. And so the council officers were sent off to sort that little matter out and report back later. Nothing like a little juggling from one part of a budget to another to oil the wheels of commerce and so £103,090 has been found for the consultants from an already stretched budget to cover the fact that these same consultants had failed to "ideally" appoint a preferred bidder in the first instance.

Throughout this period South Ayrshire had been ruled by New Labour after it tied 15/15 with the Tories at the last election and, following our great democratic tradition, Labour drew an ace from the pack of cards always kept handy in our Council Chambers. It thus gained the Provost's post with its all-important casting vote. Then the PPP contagion struck. At the latest meeting of the Labour Group Council Leader Andy Hill suddenly resigned, not only as leader but also as a councillor, and therefore left the Labour Group in disarray and without a majority. A deficit of up to £15 million in the council's budget is being bandied about as the reason for him to jump before being pushed. Still, it's nice to know that advisors to the council – Ernst & Young, Turner & Townsend and Burness – have been looked after throughout this difficult time. It is far better that we award their inability to bring

the bidding procedure to a close without an additional phase than spend that £103,090 on the needy.

South Ayrshire Council has at last decided to offer the contract to Education 4 All. A press release recently announced their ambitious £73 million Public Private Partnership Initiative. Where that figure came from is difficult to assess since the capital costs were set at £51 million and the actual contract will cost the tax payer £252.4 million over thirty years although the existing workers will only have their conditions retained for five years.

Henry McCubbin is a former Labour MEP

On March 1st 2006 The West of Scotland Independent MSP Campbell Martin instigated a member's business debate in the Scottish Parliament following some disturbing discoveries surrounding the bidding procedures for a local schools PPP contract. This is the official report of his speech.

I thank those members who have decided to stay behind and take part in this debate. I record my thanks to the people of Saltcoats and Ardrossan, who have made clear their opposition to the plans of North Ayrshire Council. I thank in particular the members of the Laighdykes residents group, who have been prepared to stand up and fight for what they believe in and what they think is right, and to face down the arrogance of North Ayrshire Council.

There are many strands to the North Ayrshire Council PPP project. I apologise for not being able to address them all in the limited time available. I know that other colleagues will refer to other aspects, but I wish to refer in particular to the administration and scrutiny of the PPP project. The project is the subject of a continuing inquiry by Strathclyde police, so there are some aspects of the matter that I will not go into in any detail. As far as the administration and scrutiny of the North Ayrshire PPP are concerned, we need to look back at what has happened since it came into being. The European Union procurement regulations stipulate that there should be a minimum of five 'economic operators', as they are called, tendering for public contracts. That requirement is now incorporated in Scots law in the Public Contracts (Scotland) Regulations 2006 (SSI 2006/1). There is scope in those regulations to have fewer than five bidders, and that is, of course, the case with North Ayrshire Council. In fact, there have only ever been two identified bidders: one was Comprehensive Estate Services and the other was the First Class consortium.

Let us take Comprehensive Estate Services first. North Ayrshire Council publicly announced that Comprehensive Estate Services was a subsidiary of the Singapore-based CPG International. We pointed out to North Ayrshire Council that CPG International is in

fact an Italian-based computer printer company, and the council responded by saying that it actually meant CPG Corporation, which is indeed based in Singapore. Unfortunately for North Ayrshire Council, when I wrote to the chief executive of CPG Corporation, he wrote back to say that Comprehensive Estate Services was not a subsidiary of his company, nor were there any cross-shareholdings. That did not deter North Ayrshire Council, which decided to pursue the bid, judging that it was apparently credible. We can see that Comprehensive Estate Services has no experience in the construction industry and no experience of PPP contracts. It had, and still has, no functioning office — although the receptionist at a chartered accountant's in Strathmiglo in Fife will take a message for the company if anybody really wants to push it. At the time of bidding, Comprehensive Estate Services had no accounts submitted with Companies House. It had a credit rating of zero and a company alert that said "this company should be treated with a degree of caution". Nevertheless, North Ayrshire Council told us that the bid was credible. I have with me the pre-qualification questionnaire that was submitted by Comprehensive Estate Services to North Ayrshire Council. Unfortunately, most of it was downloaded from the websites of other companies. The insurance documents, which are a prerequisite, refer to CPG in Singapore, not Comprehensive Estate Services. Most of those documents were out of date anyway. Furthermore, the PQQ was signed the year before Comprehensive Estate Services was incorporated as a company. Nobody noticed those flaws. The documentation was supposedly scrutinised by North Ayrshire Council, the Scottish Executive's financial partnerships unit and Partnerships UK in London, yet nobody noticed any of the flaws that I have mentioned, and it was decided that North Ayrshire Council could proceed.

There was only ever one genuine bid for the North Ayrshire Council PPP, so it was no surprise that Comprehensive Estate Services was ruled out. In June 2005, North Ayrshire Council announced that the First Class consortium was to be the preferred bidder. It goes without saying that a major role must have been played by North Ayrshire Council's financial advisers in determining that the First Class consortium bid was a good deal and that it was good value for money. North Ayrshire Council's financial adviser in the PPP project is Ernst & Young. Also in June 2005, a press release was issued by an organisation called PFI Infrastructure Company plc. No one had ever heard of it before; it is not mentioned in any documents about the PPP project from North Ayrshire Council. That press release said that that company was the preferred bidder for the North Ayrshire Council contract. It also claimed that it was part of the First Class consortium, but nowhere is that mentioned. In fact, the company is based on the Isle of Man and is managed and administered by Quayle Munro Holdings plc, which is part of the First Class consortium. No contract has been signed between North Ayrshire Council and the preferred bidder. The police investigation might play a part in that; I do not know. A company has, however, been formed to take on the construction once the contract is signed. That company is called PPP (North Ayrshire) Ltd. Its two listed

directors are employees of Quayle Munro and it is managed and administered by Quayle Munro. So Quayle Munro is part of the First Class consortium, which is the preferred bidder as announced by North Ayrshire Council. Quayle Munro manages the Isle of Man company PFI Infrastructure Company plc, which claims to be the preferred bidder for North Ayrshire Council's PPP contract. Quayle Munro also provides the directors and management for PPP (North Ayrshire) Ltd, which will take on the contract when the project gets to construction stage. That is an £80 million contract. The financial auditor of Quayle Munro and PFI Infrastructure Company plc is Ernst & Young.

The facts are therefore that on one side is Ernst & Young as the financial adviser to North Ayrshire Council, playing what must be a major part in determining that this is a great deal and gives the best value and, on the other side, Ernst & Young is employed by companies that are making a direct profit from the decisions taken by North Ayrshire Council on which Ernst & Young were employed to advise. As parliamentarians, we have to ask whether that is appropriate and acceptable. I think that the North Ayrshire Council PPP contract stinks to high heaven. Local democracy is being trampled, the academic needs of local children are being ignored and local communities are being robbed of open space and playing fields. I fear that North Ayrshire Council has exposed a situation that could be replicated across Scotland and, indeed, across the United Kingdom. The Executive can no longer pretend that it cannot see what is happening; it is obvious, and North Ayrshire Council has exposed it.

I ask the minister to take the points that have been raised tonight back to his Executive colleagues and to take the debate as a starting point. We must investigate and fully address the points that have been raised tonight. We owe it to honesty, to democracy, to openness and accountability, but primarily to the people of Saltcoats and Ardrossan.

Campbell Martin is an Independent MSP for the West of Scotland



living with pfi

PFI harms us all through inflexible contracts for public services poor value or public money. But it also harms those who work in the new hospitals and schools. Here a midwife tells of her experiences.

The Private Finance Initiative is fast building its own stock of stories and it can be hard to establish what's true and what's in the realm of modern myth. For example, tales I've been told include the PFI project where, once it became apparent the completion date would easily be met, contractors laid off half the workforce to avoid paying them performance bonuses. Said workers, as a gesture of goodwill, spent their last few hours on site inserting toilet rolls into the underground plumbing so that when the hospital opened every flush of the toilets resulted in effluent flooding into the showers, putting their erstwhile bosses to the extra expense of remedial work so as to serve them right. Another case arose where the hospital contract negotiators failed to stipulate that the walls of the operating theatres be painted in washable paint and then had to engage subcontractors to come in and repaint the walls as the contractors had weaselled out of doing the right thing. Both possibly apocryphal, though horribly plausible, and neither ever likely to be owned up to by those in the know. But such stories do not represent the real negative impact of PFI as a method of constructing hospitals. The real problem is one of space, more precisely the reduced number of bed spaces.

Professor Allyson Pollock has demonstrated that the driver for reduced bed spaces in hospitals is not the view of the clinicians but the nature of the contract; PFI builds always coming in with substantially fewer beds per head of population than conventional procurement procedures. What I want to do is explain what this reduction means for staff and patients.

I work in the Maternity Unit at the Royal Infirmary of Edinburgh (RIE), where by common consent amongst the staff there are simply not enough beds. Our working practices have been amended to limit the number of potential postnatal admissions, six hour discharges being the norm for uncomplicated deliveries. The extra community midwives, promised to support this change, have not materialised, leaving new mums with less postnatal care than at the old hospital. One consequence of this has been the establishment of a Jaundice and Weight Loss Clinic to facilitate the care of babies who haven't mastered feeding and are losing weight at a dangerous rate. This clearly isn't good for the babies and seems unlikely to support increased rates of breastfeeding – a key public health target, and is profoundly demoralising for staff unable to use their clinical skills to support mothers in avoiding such problems as we once did.



Although Maternity should theoretically be an area where it's easy to plan (we do after all get nine months notice) things are not that simple. Babies do not come at a steady rate; there have always been peaks and troughs, clusters of deliveries and coincidence of complications. The reduction of bed spaces massively undermines the ability of staff to cope with what Mother Nature throws at them. All hospital beds are not the same. Some are in side rooms, reserved for infectious patients or mothers with infants in the Neo Natal Unit or mothers with complicated social needs. Some are in four-bedded bays. Crises in bed availability regularly lead to instances of staff having to shuggle patients around between beds, decanting less needy patients from the ward to Gynae beds, moving mums from single rooms to four-bed bays, frequently in the middle of the night. I recently arrived for morning handover to find out that during the night eight women had been moved, some well after midnight, with all the disruption that the furniture removal and floor cleaning involves. What price the healing power of sleep? What about the risk of post operative care being diminished as staff play musical beds? Should mothers demur, the hapless staff find themselves on the receiving end of barked admonitions from harassed seniors, reducing our role from carer to warder. One prime example being 'why did you allow her to say no?'.
That'll be Mr Blair's oft heralded patient choice then!

Peaks of bed occupancy increase pressure on staff to achieve early discharge, again to the detriment of patient care. Women who would benefit from extra rest are hurried home to make way for their less well sisters. This is not always achievable leading to women 'bed blocking' in critical areas as there's nowhere else for them to go. I've heard of more than one Mother discharged straight home from the High Dependency Unit as for the whole of her post delivery recovery time there was no more appropriate space. Luckily no one had a higher need for critical care just then, but should luck really be part of the equation? And whilst the maternity unit has not had to close to admissions yet I have heard serious discussions of what the criteria would be for making such a decision; not something I ever came across at the old RIE.

An ability to problem solve has always been a virtue in Maternity Services but the constant level of problems occasioned by PFI is well on the way to being the overwhelming problem staff face. ■

Written by a midwife who works at the Edinburgh Royal Infirmary



TO ALL DELEGATES AND VISITORS

GOOD LUCK AND BEST WISHES FOR
A SUCCESSFUL AND HAPPY STUC
CONFERENCE 2006 IN PERTH.

CWU SCOTLAND

JOHN BROWN
REGIONAL SECRETARY

WILLIE LAWSON
REGIONAL POLITICAL SECRETARY

that both incapacity benefit and unemployment are positively associated with a third factor, namely, the buoyancy of the local labour market. If so, then merely acting to drive down IB, in the absence of positive action on the local labour market, will just drive up unemployment. Overall, the proposed policy on incapacity benefit will have little or no positive effect on productive economic activity, but it will have the potential cost of considerable psychological and financial stress to those thrust from the relative security of IB into the exigencies of claiming Jobseeker's Allowance in a poor local employment market. This conclusion is in line with the research of Professor Steve Fothergill of Sheffield Hallam University which suggests that incapacity benefit numbers are to a large extent masking the true level of unemployment. His latest report, with John Grieve Smith of Cambridge, argues that the large numbers of incapacity benefit claimants are the result of the failure of government regional policies to reverse the decline of Britain's manufacturing and industrial regions. Thus government efforts to increase employment by reforming incapacity benefit are likely to have limited impact unless effective regional policy is introduced to create jobs in the more depressed parts of Britain.

What we believe will be absolutely crucial to the success of the government's policy is whether it can take effective action to improve the buoyancy of local employment markets, at the same time as individuals are 'encouraged' to come off IB. So we have to consider what efforts the government has been, and is, making to improve the employment situation in Scotland, and whether that effort is sufficient.

Of course, in one sense almost everything the government does will have an impact on the buoyancy of the employment market in Scotland – the very act, for example, of spending the £25 billion in the control of the Scottish Executive, or the £37 billion identifiable expenditure spent on behalf of Scotland by all government departments will have a huge impact on the job market in Scotland. But given that we are concerned here with policies which are primarily intended to improve employment opportunities in unemployment blackspots, then we would expect the primary effects to flow from the government's expenditure on the functions of employment, and enterprise and economic development. And when we do look in detail at what the government spends on these functions, then things are, unfortunately by no means what they seem at first sight. Take employment. On the basis of the official figures, the government appears to be making particular efforts in Scotland: for example, according to the Scottish Executive's Government Revenue and Expenditure in Scotland (GERS), in 2003-04 the government spent no less than £181 per head on employment policies compared with £74 per head for the UK as a whole. Before we applaud too loudly, let's probe beneath the surface of these figures. Under the Freedom of Information act (FoIA), we obtained the fully detailed database of financial information underlying the published GERS figures. Examination of this detailed data revealed the following points within the total of £913 million recorded in GERS as being spent in employment in Scotland:

- a) The entire budget of Scottish Enterprise (£461.4m) has been allocated to 'employment'. The Treasury has accepted that this is not satisfactory and propose to put the entire budget into 'Enterprise and Economic Development' as from next year.
- b) Included in this total is expenditure of £57.2 million by the Department of Works and Pensions under European Social Fund spend. However, ESF is a devolved matter, and

inclusion of this term is simply a mistake.

- c) £190.3 million of the total relates to the administration by the DWP attributed to the employment programme. However, this figure in fact includes all administration expenditure by the DWP on programmes for those of working age, such as Income Support, Statutory Sick Pay, and Maternity Allowance.
- d) Almost £1m spent by DfES should not be included as this is on a devolved function. DfES spend on this item is purely for England (and/or Wales).

Correcting for these errors, a more reasonable estimate of expenditure on employment would be £55 per head. In fact, much of this remaining expenditure is to assist the restructuring of the DWP, and is not for programmes or initiatives which will directly assist the creation of employment. This figure of £55 per head is very different from the £181 per head quoted in GERS. (Correspondingly the UK per capita figure should also be significantly reduced to around £44 per head).

Now looking at Enterprise and Economic Development; the government spends almost £200 per head on this programme in Scotland. Some of this represents expenditure on specific schemes such as coal health liabilities, support for the Post Office, and support for British Nuclear Fuels. While perfectly valid, and indeed important objectives, these schemes do not in themselves target Scotland's regional development. Significant other parts of the Enterprise programme, such as DTI administration, the small firms guarantee scheme and consumer protection, mirror expenditure which occurs throughout the UK. Again, these are important objectives, but do not give Scotland a specific economic boost. There are, of course, important parts of the programme, such as regional selective assistance, European programmes, and parts of the Scottish Enterprise and Highlands and Islands Enterprise budgets which do boost Scotland's relative economic position. But overall, probably only around 70 per cent of the enterprise programme can be regarded as targeted at giving Scotland a relative advantage in creating and sustaining businesses.

It is clear that the government's efforts in Scotland as regards their programmes for employment, and for enterprise and economic development, represent a good deal less of effective expenditure than the headline figures might appear to suggest. This is likely to be one of the factors which help to explain why, despite the economy being Jack McConnell's expressed top priority, Scotland's underperformance relative to the rest of the UK has stubbornly failed to improve. It is, of course, not the only factor: Scotland also faces other inherent and endemic problems, such as the legacy of its heavy industrial past. Nor is it helpful for Scotland to be within the UK monetary union at a chronically unsuitable interest rate. But from the point of view of the government's current initiative on incapacity benefit, the key message is that current efforts to improve local employment markets are not coping adequately even with the present situation - far less with the prospect of significant numbers of former IB recipients looking for work, primarily in economic blackspots. Unless the government parallels its new IB policy with a much more pro-active and effective employment policy in depressed local areas, then its IB policy is likely to be a failure - and a failure won at the expense of significant stress and hardship for some inherently vulnerable members of the community. ■

Margaret Cuthbert is an economist. Jim Cuthbert was formerly Chief Statistician at the Scottish Office.

birth of a phantom revolution

Aileen Orr describes how the cross-party Independence Convention came into being

Scotland is still a strange mix of cultures, clans and class mixed with the last vestiges of Calvinism and the occasional hedonistic, tartan-draped warrior who really shouldn't have watched Braveheart so many times. Who are we? With so little positive media coverage about ourselves, it's difficult to know. How can we talk about Independence, or the passage to freedom, if we don't know why we want to go there, and is 'there' a bad place or a good place? The critics of the process declare doom and gloom, a poor third world country, taking handouts from anyone who wish to donate. I suppose the Barnett Formula is the kind of sanitised subsidy they allude to, a system of control, ensuring complete subservience, for when bellies are full, why bother complaining? When the rebirth of the new Parliament came, it was the cost of the building which provoked the most passion. Every aspect of the media attacked it, the taxpayers fumed and the Saltire never did fly, and yes, the roof did fall in. It was a frustrating start for everyone, though the conspiracy theorists did blame Tony Blair - who else? - for his unionist antics and careful manipulation of the Scotland Act, though I believe Donald Dewar did have a hand in it. The comedy of errors continued. It was the start of a loveless marriage with the Scottish people, and like most relationships it only had two places to go. It was on these rocky foundations the Independence Convention was conceived.

A group of friends gathered in Kinross just to let off steam. Some were members of political parties, some not, some local, some from as far away as the Borders, but linked with a common aim - all felt they needed a voice. Most had been members of think tanks and discussion groups before, but frustrated by the lack of ambition, all had faded away and allowed their exasperations to fester. All had strong feelings about where they wanted Scotland to go, but no-one could agree in which direction the initial move should be taken. But it was agreed, independence was the core which held all the components together, and the movement was taking its first steps. The lack of any debate in the Scottish Parliament touching on independence had spawned a frustration with first the SNP and then the other parties and individuals purporting to support an independent Scotland. Though the members of the Independence Convention felt there was enough interested personalities to take up the challenge of raising the issue, it would mean members of all parties standing up to be counted and possibly the unthinkable; a uniting of voices. It was a tough remit, and many dismissed it as just plain mad. Although it had been attempted before, it failed. The burden became too heavy because political parties had tried to take over and power-grab ownership of the movement. This was prior to the new Parliament, and past attempts were just that; in the past. The difficult child had grown up enough to bite back.

The inaugural meeting took place at the SNP Conference in Inverness 2003, with guest speaker Tommy Sheridan. In a room booked for 80, treble the numbers turned up, with a jumble of SNP, SSP, TV cameras and reporters, the bulk of the audience were forced to stand outside in the hotel car park while

stewards inside had to open all the windows to allow them to hear the speakers. The atmosphere was electric, reminiscent of a 1970s trade union rally, but with the Saltire rather than the Red Flag. It was old fashioned politics at its best, feisty and fun, and the number of young people who stood through the whole proceedings confirmed to us we were on the right road; if the movement could attract teenagers and students, it could hold well when it came to stimulating interest within Civic Scotland and beyond. The media coverage was odd. The stance taken was that it was an attack on the SNP leadership, though the SNP were very much in the frame - Alex Neil had spoken on behalf of the Party. The content of Tommy's speech was either not understood or just too radical for the delicate Scottish media, which had to appeal to some non- entity who ruled with an iron rod. In a ring-round of reporters we were told their stories were either pulled or sanitised. Independence was a silly notion which had to be exposed as just that, a prejudice which took over two years to wrestle with before the launch in 2005. It was obviously going to be a mammoth task to appeal to the media but the chances were we would have to go it alone and fight through newspaper politics in the effort to have our own free speech. We were, in effect, ASBOed by our own press.

The negotiations with like-minded parties and activists became the battlefield for dominance due to, in the main, entering discussions with not likeminded people, and many of the group felt pretty disenchanted with the political power broking of some individuals. But we held our positions though it was only one spear per man/woman. There were many nights when meetings were so volatile, the individuals so centred to their own beliefs and status, it felt like continuous stalemate, where door slamming and character assassinations became a nightly ritual. We all felt a degree of battle fatigue and indeed did have to regroup now and again to rethink the way forward and regain some sanity. As we found out pretty quickly, success is a grim business. However, by this time in 2004 the Steering Committee, a sub committee of the main group, did include members of the Greens, SSP, SNP and pro-independence activists from civic Scotland who were working productively towards making the Convention viable and effective. The growing pains were disappearing, the troublesome child had become an adult.

When the launch came on St Andrew's Night 2005 we knew it would either fly or fall, for we were setting out our stall for all to see, and the night had to take the debate forward. Held in Our Dynamic Earth SNP leader Alex Salmond, Mike Danson an economics lecturer at Paisley University, SSP leader Colin Fox, joint Scottish Greens leader Robin Harper, Joyce Falconer performer and actress Elaine C. Smith all set the scene. There was something comforting in watching and listening to a group of people who are not always natural allies, laughing and supporting each other. Politicians have been cruel to the Scottish people. The scars of austerity linger on, but the craving is still there for freedom to make decisions alone. A few politicians gathering and agreeing on the subject of Independence, offering new platforms, is a first step, but it's a

long stride. The broad church was now sitting, and it felt good. But how to harness the strength of feeling and how to stimulate post-launch enthusiasm?

The major concerns from the launch came back to media negativity. Despite the number of cameras, journalists and microphones the coverage was poor. In some newspapers, no mention was made of it at all - a phantom revolution. Seeking some solutions, we spoke to many journalists in private. It appeared the same problems remained from our fringe meeting in Inverness two years past, and yet the same prejudices and the same old excuses were back with vengeance (they had never really gone away). It seemed ironic that we had carefully nursed the project to this stage and the media was 'frightened' to touch it. Had the Scottish press created their own touchstone on independence? If you fear something you can either confront your nightmare or run away from it; so far, the broadsheets and tabloids had run a ten furlong dash leaving only a few brave soles to raise the dreaded 'I' word. For those of us working on the Convention, it seemed bizarre; the opportunity for debate had been missed, or deliberately dropped, from all but a few avenues of media exposure. If the launch taught us anything it was how to embrace people, not the paparazzi. But the struggle continues.

We are left now to extend the hand of the debate to the Scottish people themselves. By taking the issue out to the regions of Scotland so often ignored, away from the central belt, the disenfranchised are offered a voice, an exchange of opinions and ideas. In addition we constructed a website for the new IT generation, another lifeline in rural areas too. Engaging with people through meetings in cold dismal halls has long lost its appeal, but the forthcoming launch of Artists for Independence is to fill the breach. Culture is a powerful tool. It has a cross

generation appeal through concerts, plays and art which dig deep into the national heritage of all Scots. Its difficult to hear how we speak, our accents, the way we look, and our humour. Being a Scot is rarely portrayed on television, with very few exceptions and the mixing of races through the years has produced its very own brand of humour, yet to be discovered. By stimulating interest in performers and their art, we hope to highlight independence in a new form - not as an underground movement, but part of daily life. The music on local radio, the play on TV and the pictures we see on bill boards and advertising pitches, the radical idea of portraying ourselves is coming your way soon. Sooner, if Elaine C. Smith, The Proclaimers, Dougie Maclean and friends have anything to do with it, which they will.

The first task of the Convention was to stimulate debate on Scottish independence, and the forum to be the voice for everyone, for and against. It has been a long and demanding road with high emotion and a considerable amount of soul searching. But the humour and camaraderie evolving from these hard times has enthused us all. As the movement towards Independence progresses, and the unionist hold on the media loosens, only then can free discussions and debate broaden to include everyone who lives and works in Scotland. For those living outside the country, an opportunity to link into, and to be part of, a living, breathing nation with hopes and aspirations for itself. If Scotland is ever to be more than a flag in the wind, its people need to shake off their subservient past, and all the baggage which goes with it, and to look into their future with the same aspirations as any nation. The Scots first task though is to find a mirror and start to recognise their own reflection. ■

Aileen Orr is the Chair of the Independence Convention Steering Committee

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restoring wisdom

Chris Thomson asks whether Scotland is making real progress

Is Scotland making progress? Well, it all depends what we mean by 'progress'. Many will assume that if the economy is growing, we are making progress. Others will understand progress in terms of how healthy, educated, socially just and environmentally friendly Scotland is. There is a third understanding of progress, well off the radar screen of public debate in Scotland. Before revealing what it is, let us examine the other two.

There is nothing intrinsically desirable about economic growth. It simply means that more money was spent this year on goods and services than was spent last year. It does not tell us anything about the desirability or quality of these additional goods and services. It does not tell us anything about the human, social and environmental costs of providing them. It does not tell us anything about income and wealth distribution. And it does not tell us whether we are happier and healthier. The main national economic indicator, GDP, treats the good, the bad and the ugly as if they were all good. If there is more crime to be dealt with, more divorces to be sorted out, more pollution to be cleaned up, and more illness to be treated, then all of this counts towards economic growth. GDP gives us the impression that things are going well when they may be going badly. There are several good alternative indicators. Among the best known are the Genuine Progress Indicator (GPI) and the Index of Sustainable Economic Welfare (ISEW). Unlike GDP, they subtract the costs of economic growth from the benefits, to give us a truer picture of progress. It is significant that while GDP in many developed countries has been rising more or less consistently in the last 50 years, ISEW and GPI have been tailing off since the late Seventies. While it is true that economic growth lifts the very poor out of abject poverty, there comes a point in the development of every economy when economic growth becomes counterproductive, and produces more problems than it solves. The advocates of growth tell us that if the economy is not growing, we have 'stagnation', and that if it is declining, we have 'recession'. Yet surely there is nothing wrong with a society that is not consuming excessively and that actually chooses to spend less money on some types of goods and services. Imagine a Scotland where people walk and cycle more, where less money spent on divorce and crime, and where people take more care of their health and need less medical treatment. There would be less spending overall, but this would mean less growth and that would be taken to mean that we were doing badly. The other main pillar of the growth argument is that we need economic growth in order to eradicate poverty, unemployment, injustice, disease and crime. In fact, there is much evidence that the opposite is true. The **pursuit** of growth may be at the root of much ill health, crime, social breakdown, inequality, and environmental degradation, since it keeps putting increasing pressure on people and nature. Using economic growth to try to solve problems is like trying to put out a fire by throwing petrol on it.

What about other progress? Is Scotland really healthier, better educated, more socially just and more environmentally friendly? Scotland is not healthier. We have some of the worst health statistics in the developed world, but it is widely believed that

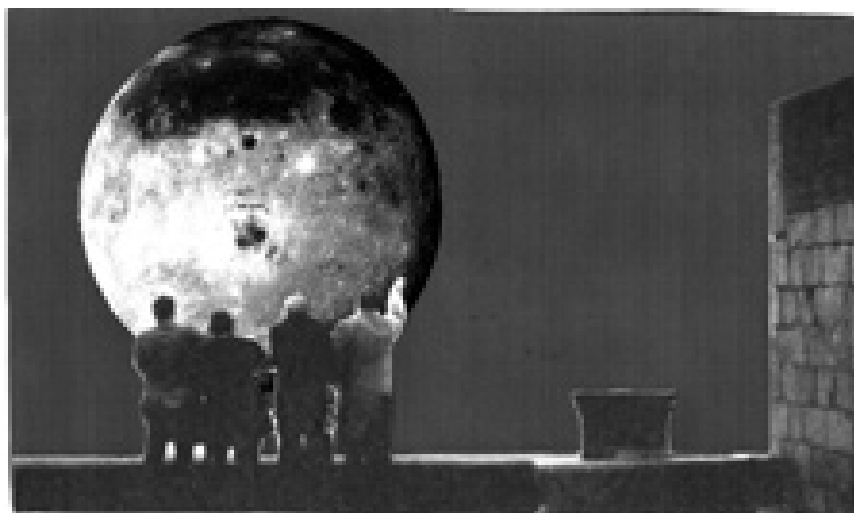
many health problems can be reduced by addressing poverty, deprivation and inequalities. Although this may be true in extreme cases, it is questionable as a general proposition. Just as economic growth becomes counterproductive after a certain stage of economic development, trying to cure health problems with economic growth could prove just as counterproductive, particularly if these problems have some of their roots not in poverty, but in materialism, overindulgence and the stresses caused by the pressures to work harder and consume even more. Although New Labour has reduced the number of people living below the poverty line and looks likely to meet its target of reducing child poverty by 25 per cent, it has failed to close the gap between rich and poor. In fact, inequality has increased every year in the last eight. The standard response is to claim that, although inequality is undesirable, what really matters is 'equality of opportunity'. This might be true if money did not continue to buy so much advantage, in healthcare, education, and in many other ways. The reality is that social mobility is not improving and that current public service reform initiatives will simply reproduce in the public sector the advantages already enjoyed by the better off in the marketplace. Scotland may actually be less socially just than it was 10 years ago. As for the environment, it is significant that 'sustainable development' has come to mean 'economic growth as usual, while trying to do less damage to the natural environment'. That is neither sustainable nor is it genuine development. There is an urgent need to redefine sustainable development to include health and the fabric of society, in addition to the natural environment, because these are just as threatened as the natural environment.

A word about the role of business. Business could, if it wished, play a major role in the shift from away from the economic growth agenda towards the sustainable development agenda. After all, business has a powerful vested interest in the sustainability of health, society and planet. Without these, there would simply be no business. However, business is unlikely to be able to embrace sustainable development until it abandons its attachment to the organisational equivalent of economic growth, i.e. the drive for profit maximisation and the drive to make the company bigger. That, in turn, is unlikely to change until the law changes. As company law stands, directors of companies are under a duty to maximise shareholder return, which is interpreted as maximising profits. The law does not impose a duty on directors to ensure that the activities of their companies enhance people, society and the planet. The CSR (corporate social responsibility) movement attempts to redress the balance, but it is swamped by the huge pressure for economic growth and profits. The law should be changed.

Adopting a wider understanding of sustainable development that includes the sustainability of health and society as well as the natural environment would be a big step in the right direction, but it might not be sufficient in the longer term to get to the roots of our problems. To do that, we may need to adopt a very different approach, which may seem strange and unfamiliar. For an example of what I mean, let us look at the Lakota in North America. We used to call them the Sioux. It is now generally accepted that the Lakota – and many other

tribes of the Americas – used to live relatively healthy, happy, sustainable lives. Perhaps they would still be living that way today if they had not encountered modernity, in the form of the United States. That encounter, about 130 years ago, changed everything for the Lakota. It forced them to give up their healthy, happy, sustainable lives and to try to live modern lives instead. That proved to be catastrophic. Although it is true that modernity brought them cars, fridges and televisions, the tribes had to endure all the downside of modernity – poor health, addiction, dishonesty and crime, and wanton violence. But what exactly is this ‘modernity’ that proved so catastrophic for them? Modernity is the set of values, beliefs and behaviours that have shaped, and continue to shape, the modern world. They determine virtually everything we think, say and do.

Arguably, modernity has its origins in the worldview of modern science. Science has become very powerful and influential. So much so that all metaphysical, religious and philosophical claims that contradict science must be rejected. And if, as science insists, the universe began suddenly for no reason, and life emerged by chance, then the whole show must be meaningless. The fact that this statement, as part of the universe, must also be meaningless is little consolation. A life



without meaning is a bleak life indeed. For many people today, the search for meaning has become little more than a constant attempt to find quick gratification and to try to solve the endless problems that they are constantly creating. Modern societies are also characterised by loss of wisdom. If science rejects the accumulated wisdom of the ages in favour of its own empirically derived body of knowledge, then wisdom is devalued and no longer informs our lives in the ways that it still informs the lives of so-called ‘primitive’ peoples. The obsession in modern societies with evidence and empiricism means that we end up having to prove everything, even the blindingly obvious. In non-modern societies, people are content simply to know things without feeling that they have to prove them. Perhaps we should not be surprised that, with wisdom and meaning pushed to the margins of our lives, we have become the most dangerous and destructive form of life on the planet. Modernity is also characterised by materialism. We live in an era of rampant materialism. Too many of us give the highest priority to money and material things. Conversely, we give far too little priority to spiritual things. Our economics, our politics, our education, our healthcare and our culture are all strongly influenced by material values and beliefs. We are paying a high price for this.

Why are we surprised that we exploit and damage each other and the world? It is because we do not care for things we do not value. It is a short step from materialism and loss of wisdom and meaning to economism and consumerism.

Economism is the tendency to view the world through the lens of economics, to regard a country as an economy rather than as a society, and to believe that economic considerations and values are the most important ones. It is significant that in non-modern societies economics is a means to an end, whereas modern societies have made economics the end itself. Consumerism is the attempt to acquire happiness, fulfilment and identity through the acquisition and the possession of material things. Although people report that they get temporary satisfaction from shopping, they say it does not bring lasting happiness, and they need to do even more shopping to try to compensate for that. Consumerism is a dangerous downward spiral. By marginalising wisdom and removing deeper meaning from people’s lives, modernity has unwittingly created a spiritual vacuum. As a consequence, many people feel that something very big is missing from their lives. They experience this lack as anxiety, discomfort, fear, insecurity, or a sense of pointlessness. They try to compensate in all kinds of ways. They overeat,

overconsume, engage in a lot of activity (no surprise that being busy is regarded as a virtue today), or they use sex and drugs as pain-killers. Modernity struck deep at the qualities that had enabled the Lakota to live relatively healthy, happy, sustainable lives – wisdom, deeper meaning, and spirituality. The Lakota’s problems were, until recently, identical to Scotland’s problems. The litany is all too familiar; obesity, alcoholism, addiction, depression and suicide, and crime. It is significant that, while Scotland seems unable to solve her problems, the signs are that the Lakota are beginning to turn things round. Most significant, in my view, is the fact that the Lakota seem to be doing this not by using the moderniser’s solutions of service delivery and economic growth but instead by bringing wisdom, deeper meaning, and spirituality

right back to the heart of their society. How they actually do this is beyond the scope of this article.

This is entirely logical. If, as it seems, modernity strikes at wisdom, meaning and spirituality, and if loss of wisdom, meaning and spirituality is at the root of many of the problems of our times, then it makes eminent sense to do whatever it takes to bring wisdom, meaning and spirituality right back into the heart of public and private life. Doing this might well be a key that will unlock sustainable solutions to Scotland’s seemingly intractable problems. The implications of this are immense, for it suggests that money and material things are unlikely to solve our problems, and that current policies will therefore not work, except as short-term expedients. It suggests that the solutions lie instead in replacing spiritual poverty with ‘spiritual wealth’. However, even if enough people were persuaded that this is the way forward, how, in practice, would we restore wisdom, meaning and spirituality to a society that has marginalised these things for so long? If Scotland really wanted to become ‘the best small country in the world’ then it would put this question right at the very heart of its policy debates and public discussions. ■

Chris Thomson is Director of Central Purpose



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fairness in action

Molly Scott Cato shows how the cooperative movement is in fact delivering exactly the kind of fair and accountable development campaigners are calling for

The injustice of the global trade system, the increasing levels of poverty faced by many in the poor countries, and the pressure on workers North and South from the euphemistically titled 'flexible' labour market are just a few examples of the ways in which globalisation serves the interests of the rich and powerful. Concerned commentators and activists are horrified to find that their call to 'Make Trade Fair' is picked up by the very people whose business is to make trade as unfair as possible, and to their own, narrow advantage. Yet the answer is equally clear and equally simple; democratise ownership and control of production through cooperatives. Fair trade has been a practical and accessible response to the exploitation of the producers of many of our basic commodities, yet it has gone unnoticed that the reason producers are guaranteed a fair rate for their produce is because many are organised as coops.

In the case of Café-Direct they source their coffee from producers such as RECOCARNO secondary cooperatives in Haiti, first set up as a project of Oxfam Caribbean in 1997, or La Central de Cooperativas Cafetaleras del Norte, the second largest co-op in Nicaragua. In the case of Divine fairtrade chocolate a group of cocoa farmers in Ghana came together to form the Kuapa Kokoo cooperative in 1993, to increase their market power during the liberalisation of the global cocoa market. Oxfam has responded to the café culture by starting its own fair-trade brand for coffee bars under the Progreso label, in partnership with coffee grower co-operatives. Launched in November 2004 the project headlines its commitment to growers' cooperatives in Honduras, Ethiopia and Indonesia, who also have partial ownership of the venture. In spite of the fact that the key to the fairness of this fair trade is found in the cooperative organisation model, fair trade is a sexy,

talked-about issue, while cooperatives are still portrayed with a fusty, century-before-last image that they do not deserve.

As shareholder pressure comes to bear on viable businesses their future can be threatened simply because faster profits can be earned elsewhere, the so-called opportunity cost of capital. Again, cooperative buyouts are the solution, since returns to shareholders are removed from the equation and the worker-owners can balance their returns through wages and bonuses and the investment in the future of the business. An example is Datrys Consulting which was a successful branch of a Dutch-owned firm of consulting engineers that learned of its demise as part of a company restructuring plan. With the support of Wales Cooperative Centre the employees bought the company, based in Caernarfon, as a going concern from the Dutch parent and they began trading as a cooperative in October 2002. The workforce continues to provide bilingual civil engineering services, maintaining the five well-paid and highly skilled jobs in a depressed rural economy, and increasing them now to eight.

A conference organised by Cooperatives-UK in Birmingham last December presented examples ranging from Loch Fyne Oysters to EAGA energy consultancy to show the dynamism and innovation present in the cooperative sector. Not only were these successful businesses, competing in conventional markets, but they also offered answers to two pressing economic problems: how to maintain the motivation of workers and how to transfer a business when the original founder wants to withdraw his or her capital. In terms of the loss of control over capital we work with the concept we call 'capital anchoring', a key aspect of why we propose an expanded role for cooperative businesses. A firm that is owned by its employees is naturally embedded in the



local economy and cannot be shut down because of the needs of a parent company to extract capital to make a faster buck halfway across the globe. Such a locally committed firm is also more likely to show support for its local economy in other ways, ranging from community activities to higher environmental standards. Richard Leonard presents statistics in **SLR 26** that 32.3 per cent of all shares of UK listed companies are owned by non-UK residents. Whether or not we consider the nation-state as the natural organising unit of society, it is clearly more secure to have a locally based ownership structure since this builds in commitment to the local community and environment.

We have also found that cooperative business models provide an answer to the problem of persistently high levels of economic inactivity in some of the country's most deprived areas. Rather than bullying the genuinely disabled back to work via punitive changes to the Invalidity Benefit system, the government should be thinking of more creative ways of encouraging the development of local business. In areas like the South Wales Valleys, with a long socialist tradition, the unemployed are ideologically resistant to starting out on a course of individualist enterprise, which they read as making good at the expense of those around you. We have suggested that setting up a cooperative is a form of 'associative entrepreneurship', joining with others to improve the economic outlook for the whole community. This is what has been achieved at Tower Colliery, and why it is so popular.

Why is this solution not more widely known? Part of the reason must be its marginalisation within policy and academic circles. In spite of the huge opportunities offered by cooperative business, within the academic community, research in this area is virtually non-existent. It is difficult even to find data on the number of cooperatives that exist in the UK, and many cooperatives deliberately obfuscate this identity since they feel it would prevent them being seen as serious and efficient firms. This lack of a research base leaves the cooperative sector vulnerable to political manipulation, when government-sponsored initiatives like the Cooperative Commission suggest that the sector suffers from a weak business culture or lacks the ability to innovate. Without positive and supportive academic research to counter these arguments the debate is lost and downsizing, consolidation and the closure of pension schemes spreads into a sector that was created to protect the interests of both employees and consumers.

I should not leave readers with too gloomy an impression of the situation of cooperative research in the UK. We have the UK Society for Cooperative Studies with its **Journal of Cooperative Studies**, as well as the research department of Co-operatives UK and the Cooperative College within the movement itself, and the Cooperative Research Group at the Open University. These organisations have joined us at the Wales Institute for Research into Cooperatives to put together an exciting programme for a conference to be held in Cardiff this September. This international conference is designed to explore the profile of cooperative forms of organisation with a view to establishing a multidisciplinary research agenda which serves the mutual interests of both academics and practitioners. All forms of mutual and cooperative activity are included, ranging from worker to retail cooperatives as well as community businesses and social enterprises.

By insisting on developing more democratic structures and organisational practices, such values combine a radical challenge to neo-liberal economics and to the political domination of multinational corporations. However this radical core is often

not fully recognised. In part, this is because cooperative values come under severe pressure over the longer term. Cooperatives invariably operate in a hostile socio-economic environment and maintaining a coherent direct challenge to the mainstream is not easy. At the same time, the example set by such organisations remains potent: new producer cooperatives continue to emerge and we have seen a resurgence of interest in cooperative initiatives in the social economy and social enterprise sector.

There are a number of difficult issues facing the movement for which we hope the conference will provide analytically rigorous debate. An example is the increasing political support for the mutualisation of the public sector. To what extent is this genuine empowerment and democratisation, and to what extent merely a step along the road to privatisation and the destruction of collective bargaining? Is the cooperative movement a haven of socialism within a hostile, capitalist economy, or does it have the radical potential to create a whole new kind of economic life? Is cooperative business organisation a necessary part of a truly sustainable economy? The conference will combine plenary sessions with conventional academic presentations and 'theory-practice' workshops. These will be driven by real issues arising out of the day-to-day experience of cooperative members. How do they see the priorities for cooperative development and governance over the next 20 years? Does the suggestion of raising finance from non-members threaten the cooperative principle, or offer a positive way for the sector to grow? How positive is the cooperative form of organisation in new sectors such as computing or renewable energy?

The three most disastrous consequences of globalisation for the lives of ordinary people North and South are:

- The supine response of elected politicians to the demands of increasingly rapacious capitalist corporations;
- The loss of control over capital by ordinary people in an era of financial deregulation;
- The disempowerment and loss of confidence in people's ability to solve their own problems that these two generate.

The solution to the first problem can only be political, and readers no doubt have their own solution in mind, but in the case of the others an increased role for cooperative and mutual activity is a major part of the solution. The cooperative sector in the EU is not sufficiently supported by academic research, but it is by no means economically marginal. Figures from CECOP, the EU-wide organising body for the movement, indicate that the sector provides 5.5 million jobs across Europe, 1.5 million of those as employee-owners. At least 140 million Europeans are members of a cooperative of one sort or another.

The discourse development from Make Poverty History to Make Capitalism History is an encouraging one for those on the left. Yet it is easy to feel a lack of confidence in such sloganeering when it fails to find support in a pragmatic and workable vision of an alternative economy. Cooperative organisation is the missing link, and to prove this we need an expanded and energised community of cooperative researchers in the UK. This conference will be the first step along the road to building such a community; we hope you will join us. ■

Molly Scott Cato is economics speaker for the Green Party of England and Wales. The Pit and Pendulum: A Cooperative Future for Work in the South Wales Valleys was published by the University of Wales Press in 2004.

reviews

Scotland and Nationalism: Scottish Society and Politics, 1707 to the present. Christopher Harvie; 4th ed.; Routledge; London; 2004; x + 278 pp.

A New History of Scotland. Murray G. H. Pittock; Sutton Publishing; Phoenix Mill, UK; 2003; ix + 342 pp.

Scotland is a nation literally unlike any other in the world. It is not a young nation; in fact, it has been around for hundreds of years, though not in the same way it exists today. Scotland has been an independent country and also, from 1707, a part of a union with England and other British nations. Thus its history is rich with a multitude of different experiences under different governments and reigns. Its history, as well, is riddled with battles, both of religious and military regimes. Hundreds of years have produced what Scotland is today — a nation held together by its history. Scots seem almost overly nationalistic; to see this, one should talk with a Scot for ten or fifteen minutes and wait until the name of some Scot comes up in relation to some invention, obscure or otherwise, or some contribution — large or small — to mankind. Indeed both Scotland's history and its nationalism are essential to understanding Scotland. This is what two books about Scotland offer. Murray G. H. Pittock, in **A New History of Scotland**, gives an extensive history of Scotland. Christopher Harvie offers **Scotland and Nationalism**, which helps his readers understand Scotland's people and identity. With these two books, anyone can begin the path to understanding modern Scotland.

Pittock's book is an extremely useful introduction to modern Scotland, mainly because it covers a long time period. When most people think of Scottish history, they think of William Wallace and imagine that he lived a few hundred years ago. People, especially Americans, do not realise that he lived at the turn of the thirteenth century and that Scotland's history started far before that. Pittock helps his readers understand Scotland's origins, even before it was a nation, by taking his readers to the first few centuries after Christ. He then examines the different ethnicities and peoples that inhabited the area now known as Scotland, as well as the languages that evolved there. After explaining a number of wars and battles Scotland faced, Pittock explains the wars of independence with the English, Wallace and Robert the Bruce — the more famous characters in Scotland's history — and the national identity these wars helped establish.

After explaining these cultural and national roots that involved the wars of independence, Pittock moves into religious battles and changes that occurred in Scotland. The Reformation brought a sweeping change across Scotland, as the monarchy switched its religion to Protestantism. Pittock explains the battles between Catholicism and Protestantism in an excellent manner, helping one understand the impact on Scotland. This led Scotland into the Enlightenment, where Scots such as Adam Smith and David Hume contributed ideas to the world and conversation topics to modern-day. All of this has produced a Scotland that, as Pittock argues, has a disproportionate amount of influence on the world. Can any other nation of five million people boast of similar global popularity, recognition, and influence? In addition to showing this, Pittock dispels many false perceptions about Scotland, especially from the movie **Braveheart**. He offers an unbiased summary of Scotland's history which is short enough to digest but long enough to make the reader see Scotland became Scotland.

Similarly, in order for one to fully understand Scotland today, he or she must understand Scotland's nationalism. This understanding is Christopher Harvie's goal as he tries to explain Scottish nationalism since 1707, the year Scotland and England formed the union that binds them today. Harvie analyzes nationalism in many facets: education, economics, and politics are only a few. By covering these topics, Harvie is able to explain how nationalism as a fundamental part of society has seen interchangeable growth and decline in the last three hundred years. Harvie covers the union with England, the Renaissance and subsequent spurt of Scottish intellectualism, two world wars that hurt Scottish nationalism and the bid for home rule, the rise of the Scottish National Party in the 1970s, Margaret Thatcher and her impact on Scotland, the reopening of the Scottish Parliament in 1999, and hundreds of things in between. Throughout his summary, Harvie poses thought-provoking 'what if' questions about the past, as well as questions about Scottish nationalism's future. His research is extensive and well-organised. It covers the main topics and debates of Scottish nationalism of the last three hundred years and leaves the reader wondering about the future. This book is important because it makes the reader understand Scottish nationalism and its place in Scottish society.

Each author covers what the other cannot. Pittock covers a longer period of time than Harvie, giving the reader the basic entire picture. Yet Harvie gives the reader a more focused work on one vital topic. While both books offer excellent summaries of Scotland's history or an aspect of it, they do not offer much of an argument. They do talk about influential Scots and how, at one time or another, Scotland produced smarter men and better fiscal policies than England. Yet their books are not based on a specific argument that the reader takes away as the main point. This may have been their purpose and could be seen as a good thing. But the lack of a strong, consistent argument often confuses the reader and almost lacks a purpose or substance. Regardless of this weakness, the books are intriguing and essential. These books show the reader what Scotland is through its history and nationalism. ■

Clinton R. Long

Guardians of Power ; The Myth of the Liberal Media, David Edwards & David Cromwell, Pluto Press year, pages

Was that really 30 years ago? Reading the first chapter of **Guardians of Power** by David Edwards and David Cromwell I recalled a similar exercise in media analysis by the Glasgow University Media Group. It was an attempt to measure and explain the manufacture of news by television companies and had the title *Bad News* — they also conducted the follow-up called *Really Bad News* published six years later which depressingly showed that little had changed. The authors of *Bad News* had great difficulties to overcome. Quantifying news coverage is an extraordinary difficult task. On the one hand you can be accused of a simplistic approach if you quantify TV output by aggregating the transmitted times of individual items under specific headings. Or you can indulge a great deal of effort into pursuing a contextual and more qualitative analysis. A further difficulty for the team was that they would have to wait for a year before their work was published in book form so no direct effect on the subject under examination could be caused. I mention this because in *Guardians of Power* the same tasks have been undertaken on the written word, but, spooling forward 30 years, personal computers, search engines and the internet have

provided its authors a tool of immense power for such a task.

Media Lens's great strength is way in which it pools the breadth of its subscribers to both scan the news in print and on the web such that when someone notices a significant piece of news or a blatant distortion in a report they can raise an alert which draws this event to the attention of everyone accessing this service. The brain power, computing power and sheer weight of activists such a system can call upon is huge. Instead of analysis being passed serial fashion along the line it proceeds in a parallel cascade, multiplying contacts in seconds. Importantly this system requires the active engagement of some, but not necessarily all, of those who read the alert. An example from Guardians of Power is the alert over both Blair and Straw lying about the withdrawal of the UN arms inspectors from Iraq. Both said that Saddam Hussein threw them out yet there are many official sources available that flatly contradict this. Within minutes earlier reports that the arms inspectors withdrawal was after a warning from the US that bombing owas about to start and that their safety could not be guaranteed, had been retrieved from various archives and brought to the attention of these forgetful journalists.

The power of this informal network is the message from this little book. Each alert that goes out informs, but as a subtext, it asks is this true, can this be contradicted, and even better can this be contradicted by its own author? Within its network Media Lens has a broad range of active visitors who bring something to the party with them. Thus an article on Kosovo may be read by only a handful of visitors to the site but it will more than likely be read by those with an interest in the topic thus providing a bank of knowledge of its history and the history of reports on Kosovo as a news topic. This could mean that waiting in the inbox for the journalists before he or she arrives at the desk on the day following publication of the erroneous article they will find polite e-mails asking if they remember that article which they filed three years ago in which the migration of refugees from Kosovo happened after NATO started bombing and not prior as is now reported.

Bias can enter the news gathering system at many junctions. Edwards and Cromwell rightly point to the capitalist structures of the corporations which now own the satellites and instruct and direct the crews to various locations which interest them as corporations and also as competitors, where being first to break the news or, say, report an exclusive story really matters to them. The development of Media Lens may permit it soon to have the power to act as an alternative source and a correcting influence on the gross distortions in the news we receive at present. The authors do give a lead in their references to "The Corporation" because through Media Lens they have hit upon a weapon to use against those who wish to distort and control the flow of information and knowledge. Some time spent on their thoughts on the development of this tool would have given extra bite to their text. It this that I believe is the best contribution they can make to the debate. Their call at the end of the book for "full human dissent" is welcome but I feel somewhat blunted by their fascination for Erich Fromm who takes a far less conflictual view of the world than many others who have provided a critique of the Myth of the Liberal Media which was well dissected up to the 1980s when the left lost its way. Could Media Lens have found the practical answer through the internet? I believe that there is a solution in there somewhere. ■

Henry McCubbin

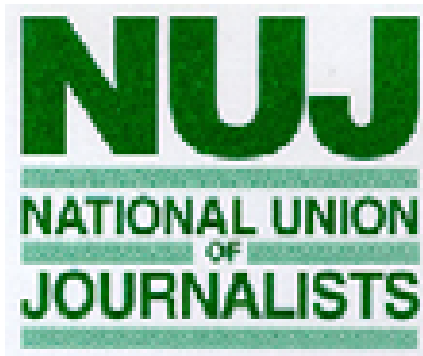
On the Street, Stuart Murray, Tramway 2005 (www.stuartmurray.co.uk)

On the Street is a book of drawings which seeks to illustrate what the gentrification of areas of Glasgow like the Merchant City and Glasgow Cross is obscuring; the endemic poverty which has been an integral but ambiguous part of Glasgow's identity. In fact, it is more than integral; in many ways it is the defining aspect of Glasgow identity, given that the city has always been identified with its 'gallus' humour – the humour of the gallows, laughing at and through your own affliction. This is an issue which we are struggling with across Scotland. One of the characteristics of Scottish culture (small 'c') is the reductive idiom, the challenging of pomposity, arrogance or excessive aspiration through wry humour. We are struggling with this because we maintain in Scotland some pride in our resistance to the glorification of social climbing which dominates modern British politics (there is a correlation between egalitarianism and the dislike of the 'chancer'), but we are now being endlessly told we are wrong. Leading the charge on behalf of the chancers is Carol Craig and her 'Centre for Confidence and Wellbeing' – which will help you feel more confident so long as you have thousands of pounds with which to pay her fees. It is of course ridiculous to celebrate poverty – it is a vile and destructive phenomenon – but we do not yet seem to be ready to abandon totally the celebration of people's remarkable responses to poverty. The difficulty is identifying the line.

On the Street was commissioned to mark the end of Intermedia Gallery's time at King Street in Glasgow. Artist Stuart Murray has produced over 40 drawings which seek to capture a sense of random encounters with the dispossessed – beggars, junkies, prostitutes, the starving, alcoholics. Each is presented in faux-naïve line drawing (or series of drawings) accompanied by handwritten text capturing the dialogue (or more commonly the monologue) of such encounters. "Sper cheynge?", "Am tryin tae get enough fur a can a lager", "Ye goat a sper note if yur gawnty that bank there then?".

Artists, writers or filmmakers trying to capture a portrait of the dispossessed always face a problem – by there very nature the people doing the capturing are usually necessarily separated from their subjects. With the best will in the world, compassion or genuine anger can nonetheless end up patronising. But perhaps an even greater risk is that the whole project amounts to little more than a fairly obvious comment on how awful poverty is. Murray's approach in this book goes a long way to avoiding these pitfalls. The illustrations and words are stripped back and minimalist. The illustrations feel almost amateurish (they're not) and the words are given straight. There is no contextualisation – the anthropologist's referencing which gives the subjects an aura of sub-humanity ("Frank, unemployed, the Trongate"). The effect of each illustration taken individually can be a little underwhelming. The strength of the book is its cumulative effect, the way in which a progression of anonymous characters seem to become increasingly familiar as you increasingly recognise your own encounters. Slowly, as you turn the pages, you begin to realise that in fact the subject of the book is not only (perhaps not mainly) the dispossessed it portrays. In large part, you are the subject of the book. You and you ability to forget these encounters, to fail to see the people portrayed as you scurry by to your train. Your ability to dispossess the dispossessed of one of the few things they had left – their role in our identity. ■

Robin McAlpine



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Greetings to all STUC delegates

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Hands off our pension rights

For rail and Cal Mac in public
hands

For peace, nuclear disarmament
and international solidarity

Bob Crow, General Secretary

Tony Donaghey, President

Phil McGarry, Ian Macintyre, Scottish Organisers

web review

Henry McCubbin

There is no such thing as corruption anymore

Let us suppose we are examining a banana republic, to which we donate aid, and that state has entered in to a deal for a new airport with capital costs of £9 million. Six years later we discover that £10 million has already been paid to investors and if the contract were to run its full term the payment would reach £73 million. Let us take another banana republic where they decide to build a bridge costing £15 million. Within nine years that country had paid £23 million in grants and subsidies to the operator for this investment and finally twigged the level of rip-off but then had to pay a ransom of £27 million to buy itself out of the deal. If the deal had run its due course the costs have been estimated to rise to £93.6 million. Further it is reported that some of the interested parties in these scams had made payments to political parties via donations or the inflated cost of sponsorship at dinners, hire of exhibition space and sponsorship of fringe meetings at political party conferences. Cries of corruption and the need for good governance would be heard loud and long from western donors.

Well all of the above did not happen in a banana republic, they happened here in "the best small country in the world" as Jack McConnell is want to call us. The above examples are the Inverness Airport and the Skye bridge scandals. Does anyone believe that as similar scandal may be waiting to surface at a PPP school or hospital near you? To add insult to injury the Department for International Development is paying Adam Smith International Ltd millions to persuade impoverished states to adopt Conservative/New Labour policies. For example, Adam Smith International Ltd is being paid £2,187,685

to promote 'Public Reform/Good Governance' in Rwanda. We know what this means.

Below are some web sites that you may find useful regarding source material for this edition of SLR or indeed if you are trying to penetrate the iron curtain of commercial confidentiality. Just when we thought that the Freedom of Information Act would solve some problems in this regard the curtain comes down on the interface between the public and private sectors which is just the place that should be open to full scrutiny.

www.hm-treasury.gov.uk/documents/public_private_partnerships/ppp_index.cfm

www.balfourbeattyppp.com

www.scottishlaw.org.uk/lawscotland/ppp.html

www.unison-scotland.org.uk/comms/pfi.html

www.wsws.org/articles/2003/jan2003/pfi-j27.shtml

www.audit-scotland.gov.uk/index/02ar03ac.asp

www.centre.public.org.uk/publications/briefings/pfi-and-ppp

www.catalyst-trust.co.uk/pub.html

www.skat.org.uk

www.skye-bridge.co.uk



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Kick Up The Tabloids

A number of events this past month prove what many of us have long suspected, namely that our political leaders' lives are utterly divorced from reality. While it is now confirmed the most powerful man in the Western world cannot talk, smile and cycle at same time and that his deputy is unable to go on a hunting trip without shooting one of his closest friends, events this side of the Pond are no more encouraging.

Firstly, there is the Tessa Jowell affair. One is always aware of the danger that by the time this article goes to print events may have moved on. However, the fact that a £360,000 mortgage was paid off without her noticing does tend to suggest a certain divorce from reality on her part. It takes most of us 10 years to earn that much, if we're lucky. So, you would notice if it suddenly turned up in your bank account. In fact, if I pay as much as a thousand pounds into my account I get pestered by the bank about buying pensions, ISA's or any amount of "financial Products".

The fact that the scandal has led to her separation from husband David Mills mark Jowell out as unique. She is not going to resign and she is definitely not going to spend more time with her family. According to Tessa, the marriage broke down "because the trust had gone". Really? I bet you'll find the Trust is still there, and there's still pots of cash in it. Also, while Tessa and may have split from David, he's the one who's moved out. She, therefore, is still living in the house where the mortgage was paid off with the alleged dodgy bribe from Berlusconi. This is a bit like your bloke coming home from the pub with some knocked-off gear, and then when the cops come round the next day thinking your in the clear, because you claim to have dumped the guy.

It is, of course, always a sign that a politician has completely lost the plot when they either start mentioning God, or when they start appearing on TV chat-shows. The fact that our Prime Minister chose to do both in the one night was merely confirmation that he has for some time been living on Planet Tony. In case you somehow missed it, Blair claimed in an interview with Michael Parkinson that he will answer to God over his decision to invade Iraq

While non-believers found the entire dialogue to have the same cringe-inducing comedy appeal of an episode of "The Office", Christian pacifists must surely have been justifiably outraged by such a ludicrous pronouncement.

It also left one with a sense of dissatisfaction in that one key question remains unasked.

If God does exist, how come he has never appeared on Parkinson? He must have a wealth of entertaining anecdotes. "The parting of the Red Sea? That was just a practical joke. You should have seen Moses, he nearly shat himself". And there's always his book to plug.

And of course, nearer to home, bits keep falling off the Scottish Parliament building, with the ever-growing threat of serious injury. I was recently involved in a radio programme about William McGonagall, author of such immortal poetic gems as "The Tay Bridge Disaster". This led me to speculate about what he would have been writing had he been alive today. So, with apologies to the great bard, I give you, in the style of McGonagall:

"The Collapse of the Roof of the Scottish Parliament"

It was in the year of 1997, in the month of September
A time that everyone in Scotland surely will remember
The nation in a referendum voted "Yes, Yes"
A very good decision, most sensible men confess

"There shall be a Scottish Parliament"
The First Minister Donald Dewar said
But alas before it opened he was sadly dead.
Although his statue now stands in Buchanan Street in
Glasgow
Often with a traffic cone on his head

When the building opened people came from all around
To see what they were getting for their four hundred
million pound
They flocked to Edinburgh to visit Holyrood
But when they saw it many said "I don't think it's that
good"

The nation's leaders gathered there to talk
Unless they had gone on holiday with Kirsty Wark
Gathering in the chamber as the light shone in from the
sky
Apart from Mr Frank McAveety who was in the canteen
eating a pie

But in the year 2006, on March the second,
A day that will be remembered, many reckoned
A catastrophic crash throughout the land was heard
Announced on the television news by Jackie Bird

A beam fell from the roof above the heads
Of the MSP's who were lucky not to end up dead
If it had hit him it might even have managed
To cause Mr Jack McConnell to suffer brain damage

And as the news spread all around Edinburgh
The people there did feel great sorrow
That a building that cost four hundred million pounds
Should so easily fall unto the ground



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