

Scottish **Left** Review

Issue 74 January/February 2013 £2.00

What's a city for?

are
commercial
interests

MONOPOLISING

public spaces?

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Contents

Comment	2
A Social Scottish Townscape	4
Malcolm Fraser	
Stripped for Business	6
Eoin Anderson, Neil Gray and Emily Roff	
Don't Get Malled	8
Ewan Morrison	
Conflicted Space	10
Ronan Paddison	
Reimagining Public Ownership	12
Andy Cumbers	
Declaration of Interdependence	14
Susan Pettie	
Privilege and Passivity	16
Dave Shaw	
Who Owns Your School?	18
Margaret and Jim Cuthbert	
A Solid Foundation	21
Robin McAlpine	
After RIC	22
Neil Davidson, Jack Ferguson, Lorna Waite, Ben Wray	
Reviews	25
Kick Up The Tabloids	27

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Printed by: PrintIt Xpress Ltd, 34 High St., Linlithgow, EH49 7AE

Have you seen the winning design for the revamp of George Square? The resurfacing work is to integrate powerful magnets into the ground which will suck loose change straight out of pockets and straight down carefully-designed slots. But we won't mind because the trees will all be fitted with diffusers which will pump mood-enhancing chemicals straight into the air, leaving people a bit disorientated but utterly passive and pliable. There will only be one way into the Square, through a narrow street of cashline machines, pawn shops and pay day loan companies. And there will only be one way out, through a single immense shopping mall which will enclose the remainder of the city centre. The pigeons will be trained to attack loiterers (including picnickers) to ensure 'optimal throughput flow'. To fulfil civic responsibilities a ten-inch screen will be installed in the north end of the Square which will relay live footage of protests and demonstrations which will now take place at the Greengair landfill site in North Lanarkshire. And when necessary large brushes will clear the Square of all items (including people) not bolted down, preparing it for corporate entertaining purposes in under 15 minutes. There shall be some flowers in a pot.

This may seem a little unfair - the actual designs for the Square look quite nice (if not that appropriate to the location). And it is certainly not much of a social space as currently configured, with its expanses of parking-lot red tarmac and a layout that hardly encourages socialising. But before we get too swept up in these thoughts we should remember that all designs look good in artists' impressions and that even if the present is not ideal, that doesn't offer a blanket defence of anything that comes next.

In this issue we have used the redesign of George Square as a jumping-off point for a look at the purpose and meaning of the modern city. If the focus on Glasgow suggests this is a city-specific issue, it shouldn't. In Edinburgh much, if not most, of the city centre is now managed 'on behalf of the public' by Essential Edinburgh, a private company that appears to make all the decisions about the use of public space independent of any serious oversight. People who have engaged with Essential Edinburgh report experiences that

The modern city is a system for farming its residents and visitors on behalf of the retail and leisure sectors. How did we let this happen?

reflect very closely the George Square issue; the criteria used by the company is virtually all about commerce. Thus if someone wishes to set up an exhibition in Charlotte or St Andrews Squares, the decision to give approval will cite the impact on retail in the surrounding area as a key factor. Even more than that, matters which must surely be considered a matter of taste - what will look good, what will look 'untidy', what people will like - are taken by a private company *which does not own the space*. There is very little democracy involved.

The conversion of public space in the centre of cities from being a civic space to being a commercial asset has been virtually non-stop in Scotland since Glasgow pursued its retail-and-leisure regeneration strategy

in the 1980s. In public debate the assumption that city centres must be managed for the benefit of retail and the service sector is now seldom challenged. Victorian ideals of civic responsibility to citizens have gone the way of public toilets and drinking fountains - allowed to decline slowly and then finally be demolished to be replaced instead with a commercial alternative.

This matters in all sorts of ways. The 'managing-out' of activities that were once seen as central to the life of a city (the many reasons for the congregation of large numbers of people, not least legitimate protest and demonstration) is a particular focus. So is the anti-social geography of the city with sitting and congregating spaces apparently designed not to compete with the surrounding commercial interests. If in doubt about this, try and find somewhere in a city centre you can sit comfortably and read a book for as long as you like with access to drinking water and a toilet. You will find this hard to do indoors other than in a few public facilities like an art gallery or museum; outside you will find it close to impossible, unless you are willing to pay.

But there's something more insidious even than these practical manifestations of the reorientation of space towards commercial interests; it's the impact on democracy itself. The left has complained for a very long time about the merger of government and commerce at the national level. We watch our shared assets and resources being used to promote the interests of big business and argue that this is not the purpose of 'the common wealth'. But it has become hard not to conclude that at the city level, this process has gone even further than at the national level. The legacy of the toxic 'Team Glasgow' nonsense seems deeply ingrained in the government of the city. That idea - that an elite of business and civic leaders

should take over the running of the city collectively to remake it in their own image - was the definition of hubris. But it is hard to see that the general attitude has changed. The political definition of a city just now almost always revolves around some synonym for 'powerhouse'. Now, if one were to turn to a dictionary to work out whether a city being a 'powerhouse' is a

good thing one might conclude it was. 'Powerhouse - A person or thing of great energy, strength, or power.' If our cities were designed to be strong and energetic, as great centres of human activity, that would be wonderful. But that isn't the definition of 'powerhouse' that is being used here. In fact everyone always seems to mean 'Powerhouse - A plant or facility to provide energy *to something else*'.

This is a conception that requires a moment's thought. The modern Scottish city is deemed to be successful if in its activities it fuels and makes something else successful. That 'something else' is not the city's communities or social cohesion but commerce. A modern city is successful only as far as the governance of that city is used to benefit commercial activity taking place in that city.

In neoliberal theory that is fine because the wellbeing of the city as a whole depends on the success of its 'wealth generators'. We take the general criticisms of this line of neoliberal doctrine as read (i.e. it's not true and it doesn't work). But even taking it at face value, even if the theory is firmly rooted in classical economic theory, there are problems. Think of it like a balance of payments issue; how much of the growth predicted by commercial governance theories is an 'export out' of the city? I.e., how much of the strategy can be seen to rely on economic activity that does not simply cannibalise the existing 'customer base' (i.e. the people who live and work in the city or who visit regularly)? In the Glasgow case everything is about 'retail and leisure', making the city centre more attractive for spending money in. But all of this is money spent by punters. There are no factories to be built in the new George Square/Buchanan Galleries development, no innovation units, research facilities. It's all about retail and leisure.

So let's call this what it is; a scheme to make the city just that little bit more effective at parting its own residents with their money, money which is rapidly expropriated by Gap or Starbucks or H&M or Primark. All that talk of 'attracting tourists' is a convenient cover; the profit comes out of the pockets of the locals.

Of course a lively leisure and retail industry is a good thing in a city centre. But as a one-stop strategy for regeneration it is a straightforward con trick. It is little more than the farming of citizens on behalf of corporations. This is the economics of 'serve up the public on a plate and may the most ruthless corporation win'. It's not like these corporations are even building anything in the city worth keeping, like the old tobacco barons did. The Buchanan Galleries extension hasn't been built yet and already it is a forgettable contribution to the long-term wellbeing of Glasgow as a city.

We ask what a city is for. Really, we know. It is a system for farming people on behalf of corporations. There is an old gambling adage - look round the table; if you can't spot the sucker, it's you. Keep that in mind when you see an artists impression of a nice day out in Glasgow. ■

A Social Scottish Townscape

I've seen the future of our towns and cities, and it's crap. Dislocation, Dislocation, Dislocation: stuck in a dumb metal box, driving from my diddy-box suburb to the Business Park where I work, then to the Retail Park for the shopping then back down the road home for tea, then maybe out to the multi-this-or-that Leisure Complex in the evening, for some entertainment.

Ample parking everywhere, and everything in its place for efficient business-delivery: from the development giants who threw up the boxes on the greenfield sites to the chains who flip their products doon oor gratified gobs. No mess and no nasty surprises (and did I mention the ample parking?). And no ambiguity, no history, no belonging, nowhere for dissidence, no community, no tenderness...

Actually, I lied: I don't live like that; I live in an old community and walk or cycle through the park to work. (My shops are near, entertainment too.) I get rained on sometimes and sometimes even sunned on; I hear the birdies and see the trees and breathe a bit, and say hello to friends. And on occasion one of them tells me something helpful to me – to my advantage in my work. So I arrive at work healthier, happier, and maybe even a wee bit more business-like.

I admit that it's a nice wee corner of Edinburgh that I live in; but the principles that work for me, of nearness and amenity, work anywhere, and didn't cost a bean or even saved a few – witness my shoe-leather and bicycle-repair-bill compared to the car, petrol and taxes of my first paragraph, never-mind all the lucrative things I can do with the time spent not sitting in traffic.

I'm far from alone in my recognition of this. In fact there's a huge amount of activity around a number of town-centred ideas: such as recognition that towns and cities are the nation's creative and economic powerhouses; or that the ideals of community, heritage and belonging that they embody need recovered; or – and this crucial aspect is less-recognised – that in pursuing a low-carbon economy and fighting climate change, the 'Eco-town' title, that is spun by those marketing some new, car-dependant (and green-washed) suburb built on farmland, really should apply to the nearby, existing (but struggling) community, that the new development aims to sook middle class money out of. It's our *existing* communities, with their infrastructure of roads, drains, schools and transport – and people! – that are our Eco-towns, our true, sustainable communities.

So I believe that the tide has turned,

and we are coming to understand that the post-war vision of a built environment seen exclusively through a car windscreen, has run its course; and if we knit together these aims – of creativity, community and sustainability – we could replace it by a vision of the future which emphasises some old, homespun urban virtues...

Of course, if all this urban loveliness is so desirable, creative, and cost-effective, why are our towns in so much trouble? Just as we are understanding their value, the challenges to the retail market are adding greatly to the problems of communities who have struggled to replace their former agricultural and industrial focusses.

Well, firstly, we've got used to life in our cars and take no account of the hours every day lost to them, and the friendships missed. But there are also some major structural imbalances in place, set there to suit big business, who lobby hard to keep them there. VAT, for instance: zero to knock down a building and build anew on a greenfield site but a swingeing 20 per cent to repair the old one. If VAT was levelled at five per cent across construction we would create jobs (repair is more labour-intensive, with a higher proportion of each £1 spend going on people, as opposed to



Malcolm Fraser argues that viewing our towns through the windscreen of a car has led to fragmented and dislocated communities. He outlines how he hopes his Town Centre review will help to change this.

materials), reduce homelessness (by bringing empty property back into the market), fortify existing communities (that old building empty in town would have a shiny new use by now), shrink the black market to almost nothing (20 per cent might be worth dodging, five per cent not) – and create so much building activity that (according to the r.i.c.s.) it would bring the same or more VAT return to the Treasury. But big business prefers a cleared site – less trouble – and the Establishment in general distrusts the sort of small businesses and incremental change this sort of repair and renewal represents, so the vast imbalance remains.

I have been asked, by the Scottish Government, to lead a Review into our Town Centres, to suggest what might be done to revive them. We will report in the Spring.

The Advisory Group I lead is wide-ranging, involving people from business and the community, industry and the arts. Unfortunately we can't do anything about VAT – a

Westminster matter – but we are looking for the same sort of structural issues, under some simple and broad themes, and trying to put them in-kilter. We've set out three principles to guide our initiatives:

- **Deliverable:** utilising existing legislation, levers and partners. (There are plenty of organisations out there talking about the importance of Town Centres; we don't want to set up another, in competition, and will, instead, concentrate on delivery – on practical changes we can make to support their emerging consensus.)
- **Bottom-up:** enabling and encouraging all sizes and types of communities to find their own, diverse ways (it's not for us to define what a town is, or to lecture it on how to renew itself).
- **Diversity:** recognising that the glory of the town is its many and varied functions. (England and Wales had a town Centre Review last year, led by Mary Portas, which concentrated

on bolstering the independent retail sector against the online and out-of-town challenge; whereas we want to encourage a Town Centre full of variety – places to live, work and play as well as shop.)

We have seven Themes evolving.

Some relate to Rates and Planning issues, the design of the public realm and digital initiatives. But I wanted, here, to outline our work so far on three that, I believe, emphasise links between the built environment and social inclusion.

Accessible Public Services

Our public institutions – Local Authorities, Health Boards and the like – are encouraged to make decisions about key Public Services on a fairly narrow set of economic principles. So, in a classic piece of short-termism, it might uproot a

key institution from some old buildings in town and relocate it to some cheaper (VAT zero-rated) greenfield or edge-of-town site, with no analysis of the greater impact this will have on a community.

(Later the Local

Authority might notice the resultant lack of footfall, money and urban vitality in the town centre and seek to compensate by repainting the town's park benches, or the like.) But the Town Centre locations were also walkable (for children walking to school as well as for those using other services), and well-stitched-into the public transport network, so such decisions prioritise those with cars, and always inconvenience those in the community without. This not only reduces the accessibility of those public services but restricts or inconveniences the labour pool available to the public sector.

We like the fact that what's good for Town Centres is good for solid accessibility as a whole, and are seeking to use the unfolding Community Empowerment Bill to require public institutions to measure the impact of their decisions on how they affect the ability of the whole community to interact with their public services.

Community Development

There are a great many enterprising and

creative arts, business and community initiatives in Scotland that have brought new energy to our towns and cities – some I have even been involved with, as architect or friend. Equally there are many empty buildings that would suit them – and some owners, and local Estate Agents, who might once have looked askance at some wee local group but can't now afford to ignore them.

We'd like, in the first instance, to bring these people together, to share Asset Registers, and hope that the r.i.c.s. – the Chartered Surveyors' national network – might help us. Thereafter, in the absence of Banks that will actually lend to good, sustainable, local initiatives, we'd like to assist them in understanding and presenting cases for grants or commercial loans, to the various sources of community microfinance; and I'd also like to persuade the Government to endow a microfinance initiative of its own.

Living on the High Street

At a time when so many are homeless, or unable to access a mortgage, empty homes anywhere are a disgrace. Empty homes right in the centre of our towns – often above shops – feel particularly perverse, and could provide local accommodation for those young and single people excluded from the mortgage market, that would inject life, love and money into the High Street.

There are, again, structural reasons they lie empty, and we'd like to address limitations on leaseholds that owners offer, as well as incentivising Housing Associations to develop a "upgrade and manage" package to offer a building's owners, thus targeting Government housing funds into the hearts of communities instead of suburban, greenfield sites.

So, to return to our emerging realisation that a vibrant Town Centre delivers our aims for creativity, community and sustainability in the built environment, I would add a growing awareness that they are places where resources can be best accessed and shared by all the community – a social, and more democratic, townscape. ■

Malcolm Fraser is the founder of Malcolm Fraser Architects and is the Chair the Scottish Government's National Review of Town Centres

Stripped for Business

Urban struggles around social reproduction and social space have traditionally been seen as ancillary on the left. But in a city hollowed out by the collapse of its manufacturing base, we argue that the redevelopment of George Square in Glasgow is symptomatic of contemporary urban enclosure, the privatisation of space, and an inflationary rentier economy. Henri Lefebvre's speculative 1960s hypothesis that urbanisation was supplanting industrialisation is today writ large in advanced capitalist economies. Though geographically uneven, gentrification, sugar-coated as regeneration, is now a global urban strategy. In Glasgow, large-scale projects such as the Clyde Waterfront River Corridor, the Clyde Gateway and the 2014 Commonwealth Games development, along with 'cultured' neighbourhood gentrification, are drastically reshaping living conditions at the level of social reproduction (rent, debt, transport, community), at the same time as they actively produce new relations of production and consumption (finance, retail, property, leisure).

In September 2012, Glasgow City Council (GCC) announced another large-scale regeneration project: a £15 million re-design of George Square, part of a major public-private development in the city centre. By November an international procurement exercise had produced a shortlist of six firms bidding to transform the square into "Glasgow's primary urban space", with a 'day and night environment' that supports creativity and is a 'world class tourist destination'. The winning proposal will be chosen in spring of 2013, with the initial stage of the development scheduled for completion in time for the Commonwealth Games.

The redevelopment of George Square must be seen in the context of inter-city competition, and boosterist attempts to reposition Glasgow as a site of leisure, retail and consumption for the investor, the developer, the shopper, the money-laden tourist and the conference delegate. The square, a central, symbolic site, is being reconfigured to provide a flexible corporate space – 'a blank canvas' – for spectacle and display, place-making, and event-led consumer attraction. The council's intention to

remove the square's 13 statues (excluding the Cenotaph) as soon as February has already attracted opprobrium from various quarters, including Green councillors, local residents, and the Queen's sculptor. Anger has also been stoked by proposed restrictions on mass gatherings in the vicinity of the square. A briefing note issued in August to 'stakeholders' including unions, Orange Lodges, and campaign groups, cites health and safety, public order concerns and the cost of policing to support the recommendation that George Square no longer be made available as a legitimate location for gathering or disbanding public processions or political demonstrations. These proposals have been the primary focus of critical response on the left. Calls to defend the right to protest have been bolstered by invocations of the Battle of George Square and Glasgow's radical protest tradition. But the history of the square, written in its monuments, is equally that of mercantile, Unionist, and colonial interests, and the restriction of protest is, in a sense, collateral to urban revalorisation and the ongoing rebranding of Glasgow as a 'creative city'. We suggest that critique of the redevelopment must be founded in a material analysis of contemporary flows of capital in and around George Square, and the ongoing land-grab of the city centre.

Initial funding for the George Square redevelopment, part of the Buchanan Quarter project, comes from Tax Increment Financing (T.I.F.), a controversial method for subsidising development and infrastructure projects widespread in the US but considered innovative in the context of Scottish urban policy. T.I.F. allows public bodies to 'unlock regeneration projects' by borrowing against projected increases in 'non-domestic rates' (land value and property based taxes) to finance developments which will create the conditions for said future tax increases (the 'tax increment'). In April 2012, under guidance from the Scottish Futures Trust, GCC agreed a 25-year T.I.F. scheme with the Public Works Loans Board, worth £80 million. This sum will be augmented by £310 million in private finance. Along with the George Square redevelopment, this money will go towards a £55 million expansion of the

Buchanan Galleries, creating a city-centre 'supermall'.

First in line to profit are the owners of the Galleries, Buchanan Partnership – made up of Land Securities PLC (the largest commercial property company in the UK) and Henderson Global Investors (one of Europe's largest investment managers). That private retailers have proven eager to fill out the Buchanan Quarter development is hardly surprising. They stand to gain a spot on the second busiest shopping street in the UK, support from a local authority whose financial soundness depends upon their commercial success, and praise from politicians for the provision of a few jobs in a sector that combines precarious employment with increasing intensification of labour. Aside from low wages and more shops, the only infrastructural improvements that Glasgow residents are being promised – from £390 million of investment – are "materially enhanced entrances on the east and west sides of Queen Street Station" and the strengthening of the Cathedral St Bridge. Given the parlous state of the economy, including the retail sector, future public gains from T.I.F., like the paper claims on fictitious capital, are far from guaranteed.

Although the tendering process is ongoing for the redesign of George Square itself, the August 2012 Ipsos Mori consultation report suggests an underlying cultural and commercial ordering inseparable from the flows of capital on Buchanan Street. The report is split into two sections, 'Public Views' and 'Stakeholder Views'. The 'Public View' is mostly that the square is adequate, is not a priority given the huge pressure upon council funding, or could use a bit more grass, some seats, or a toilet. The 'Stakeholder View' speaks of 'multifunctional' or 'flexible' space for one-off mega-events (pace the involvement of *T in the Park* promoter Geoff Ellis) and the interpolation of creative and economic interests, with "a particular focus on representing Glasgow's internationally renowned art scene". Borrowing from the ubiquitous, discredited, 'creativity script' (Charles Landry, Richard Florida), the aim is to align George Square with the cultural marketing of the city.

The square will perform as a

Eoin Anderson, Neil Gray and Emily Roff look at just how far public and corporate interests have merged in the mind of Glasgow City Council, and what it means for the democratic city

gateway to 'Glasgow: Scotland with Style' and as a spatial resumé for the uninitiated, which will "highlight its credentials as a modern, creative city"; a flexible habitat suited to the 'creative class' of Glasgow, with Buchanan Galleries (a sponsor of Glasgow School of Art) a prominent site of extraction. None of the six companies on the shortlist are new to this strain of creative branding, having contributed to the Olympic Park in London, New York City's High Line park, and the new Glasgow School of Art campus. Reflecting the commodification of the square, George House, in the north-east corner, is set to become another post-modernist cube, likely occupied by Ernst & Young, while hundreds of social homes in Sighthill are quietly erased from the skyline. Displacing statues of the colonialists and capitalists under whose brutal law the working class of Glasgow built the second city of Empire, will be Mackintosh figures of a second wave of entrepreneurialism, cultural rather than industrial, along with other, more abstract sculptures beckoning shoppers upstream towards the 'supermall'.

The entanglement of urban governance with private interests – GCC's watchword since the 1980s – is further evinced in the disposal of public property city-wide, and the profit-driven 'efficiencies' which have led to the redundancies of more than 2,500 council employees in the last two years. In 2008, the council's offices occupied 950,000 square feet in the city centre; by April 2011 that had shrunk to 350,000 square feet, as part of a plan to "rationalise... and dispose of effectively" council-owned property across the city. This policy is being delivered in partnership with international outsourcing giant Serco, in an arrangement hyped as "a magnet for best-practice-seeking local authorities throughout the world". Established in 2008 under the name ACCESS, this joint venture was created to take on a ten-year, £265 million contract to manage the council's IT and property services. Tasked with delivering £73 million in savings by 2013, ACCESS's responsibility as 'Corporate Landlord' encompasses 900 council-owned buildings – warehouses, offices, libraries, schools – each of which will be assessed

as to whether it represents "optimal space usage" and supports "business needs" and "service reforms". Where ACCESS deems it appropriate, different functions and services may be "co-located" in the same building, or dissolved, as a result of which property can be declared surplus to requirements and ownership transferred to GCC's controversial arm's-length subsidiary, City Property LLP, to be disposed of on the rental market by their agent, Ryden.

At a safe distance from democratic scrutiny and accountability, ACCESS's Corporate Landlord strategy is transforming not only the configuration of public property and services in



Glasgow, but also working conditions of council staff. Echoing the rhetoric of 'flexibility' and 'multifunctionality' used to evoke a more investor-friendly and commercially-alluring future for George Square, ACCESS's vision of 'Tomorrow's Office' (for 'Tomorrow's Council') rests on a liquefaction of the workforce such that previously 'static' Council employees are now expected to embrace 'agile working' within the mobile office environment: hot-desking or networked via their virtual desktops; sharing their offices across departments and working on the move, 'nomadically'. Like the Time and Motion men who conducted

time efficiency audits in industrial workplaces, ACCESS have embarked upon their challenge with zeal, wringing efficiencies from an often recalcitrant workforce. Today the technologically-driven intensification of space, rather than time, is indicative of a broader trend towards the extraction of value not from labour, but from land. "Co-location and building disposal will drive significant savings" for the council, promises ACCESS's *Corporate Landlord Case Study* report – savings subject to 'gainshare' with Serco, in proportions undisclosed.

Long ago, Keynes proclaimed 'the euthanasia of the rentier', and Marx also hoped that industrial capitalism would usurp the rentier usurpers. But industrial capitalism has departed Glasgow, and the redevelopment of George Square mirrors the contemporary imagineering of the city as a site of cultural production, creative consumption, precarious labour and rentier interests. As the geographer Eliot Tretter has noted, "Glasgow is a primary example of an industrial city that has re-invented itself through the exploitation of its cultural infrastructure". That re-invention has insidious dimensions. The relentless outsourcing of central functions of the council places the city's governance ever more profoundly beyond democratic control, and the euphemism of 'regeneration' can't obscure the gentrification of the city, with all its negative associations of rent-racking, displacement and class cleansing. Tax increment financing ensures that GCC is bound in perpetuity to nurture retail development and high-end consumption in the vicinity of Buchanan Street; the threat of default on this flagship T.I.F. project (a stark possibility given the current compression on wages and consumer spending) will see the council further inscribed, materially as well as ideologically, to private interests. The re-making of George Square is just another obligatory step to favour investors. There is a politics of space, because space is political said Lefebvre. With all of the above in mind, the need to take back public urban space from virulent privatisation is more necessary than ever. ■

Eoin Anderson, Neil Gray, Emily Roff, Glasgow Tenants and Residents Network

Don't Get Malled

Shopping malls - they are supposed to bring us style, economic growth and prosperity, but all is not as it seems behind the shiny mirrored facade. In the US - the birthplace of the mall - no new shopping malls have been built in the last five years, and this is because malls have over-saturated their own market, destroyed town centres, then finally put each other out of business, leading to 300 vacant 'dead' malls, over the last fifteen years (out of the 1,448 that were built over the 20th century). The history of the mall in the US is a sad one of unregulated construction and development, leaving a trail of economic and social destruction. The UK should have learned from this but in our desire to buy into the great American mall experiment we have been wilfully blind to consequences. In fact, on a thirty year time delay, we're seeing the same patterns repeating here, along with a whole range of accompanying social problems. Over the last three years as I've researched a book on shopping malls and supermarket chains in northern Britain, I've come across the same kinds of stories of small human casualties again and again.

In Easterhouse, a housing scheme on the edge of Glasgow, pensioner Jim Mackay's local corner shop closed down due to competition from the Glasgow Fort shopping mall. He now has to walk an extra half mile over a motorway intersection to get his groceries. "there's nowhere left round here to buy an apple" he says. "You can get a bus from the city, but not from round here." This is economic exclusion and a break down in any kind of social plan, while the mall thrives.

Iain Paton, (chartered town planner and specialist in retail planning and analysis for the private and public sectors) tells a similar story about a retail park outside Edinburgh. "Tesco exploited an anachronism in the planning system. They parachuted a very large store into an area given to B&Q on the outskirts, next to a motorway junction, next to a bypass, totally inaccessible by foot. About half a mile south of that there's Wester Hailes, one of the most deprived areas in the country. Tesco shut down the local store in Wester Hailes, so people from there ended up having to somehow get along the motorway to do their

shopping."

This problem is now systemic throughout the UK. Paton says: "You'd be struggling to try to find a positive example of an out-of-town mall that's accessible by anything other than private car. I can't think of a mall that's located within walking distance of a train station. And there's no longer any government support for new bus routes. You may have a mall on paper that looks like it's accessible by bus, but in reality it isn't."

In embracing the American mall development model, the UK has accidentally taken on board a very deliberate US policy vis-a-vis the urban poor; a plan that deliberately seeks to exclude those who cannot afford a car - to keep malls middle class and 'safe.' There are examples from the States which should act as a warning. Witness the news story from Buffalo, New York State, of an African American woman, who in attempting to get from her 'project' to the local regional mall, had to cross an eight lane motorway, and was fatally hit by a car.

Another problem that we've imported with the mall is town centre 'desertification'. In the towns of Paisley and Renfrew (Again the examples I cite are from the Glasgow catchment area, because Glasgow is 'the largest shopping centre in the UK' (Kahawaldah, Birkin, Clarke 2010)), shop after local shop has closed in both town centres over the last decade, as a direct result of the opening of Braehead shopping mall, two miles away and Silverburn mall, four miles away. Those who have a car leave their towns to mall shop, leaving only those too poor to have car access as the only remaining consumers.

In East Kilbride, a new town built in the 1950s with a council-owned shopping centre at its heart, the centre now has around 28 per cent of its stores lying vacant, coming perilously close to the 35 per cent that leads to retail evacuation (the point where the existing stores suffer from a spiralling decline in retail traffic and decide to vacate leaving the centre empty). As a security man said: "It's like a ghost town, I'm standing here all day doing nothing. I can't see how folk are going to come back". The abandonment of 'new town' centres for out-of-town malls has drastic

consequences for such towns. When the central shopping centres get run down they attract crime and vandalism, when they close their doors, they leave these towns without a central social place - without a centre, they become dead, deserted places.

We should be learning from the American experience where town centre desertification was a huge problem from the 1870s to the late 1990s, leading to the infamous 'inner city ghettos'. But we're not. Only Wales within the UK has placed a moratorium on further out-of-town mall developments.

As Paton explains "If you go to any town centre you'll see the impact out-of-town malls are having... If we want town centres not to survive, and we want to live more sustainably in the future, then we have to be smarter about the way we plan for these. The trouble at the moment is that the planning system is too vague and it allows developers with a lot of money to push the schemes through in unsustainable locations, claiming that they won't damage town centres, when we know the opposite is true. Their methods marginalise local people, who effectively have no voice. The government needs to sort out national planning policy in retail."

The central problem is that, currently, we don't acknowledge the extent to which malls 'leach' trade away from other retail areas. Part of the reason for this is something that seems impossibly corrupt within a modern democratic country: the people who commission the impact studies for planning permission are not autonomous bodies but the mall developers themselves. So the books are invariably cooked to show acceptable levels of impact on surrounding areas. As Paton says "A lot of these impact assessments, to be perfectly honest, are skewed so that mall developers can get the go-ahead. They always come out with around a 10 per cent - 15 per cent negative impact on surrounding businesses - which is deemed acceptable... Reports should be commissioned by local authorities and paid for by the developers, or by an autonomous body that oversees every project with scrutiny."

Also, rather surprisingly, there has never been, in the UK, any post-

Ewan Morrison explains how researching shopping malls for his novel opened his eyes to corruptions, distortions and omissions which hide the real negative impact they have on our cities and our communities

construction collating of data to see if the original stats were right, to test whether the impact was four per cent or 40 per cent. In England, even the gathering of such data has ceased completely. In Scotland there's no requirement for local authorities to do this research. There's a massive gap between the projected impact and the total lack of statistics on the real consequences. Impact studies are little more than a lot of complex paperwork that is never called to task.

It is time also to ask what good out-of-city malls and superstores do for anyone. Even Glasgow has learned that its two big out-of-town malls are now damaging their inner city regeneration plans and has placed a ban on further non-city centre developments. Who actually benefits from out-of-town malls anyway? Very often local councils think that they will see benefits from such large investment, but once the mall is built and the construction companies have been paid, the economic rewards for the local economy and the council coffers are generally very small. The jobs that are created are largely in mall construction, not in their running, which generates only a small number of unskilled jobs, and these are rarely new, but come from stores that close elsewhere, often directly as a result of the mall itself.

Furthermore, as the majority of corporations housed in any mall are multinational corporations, none of their profits go back into the local economy (and if they manage to evade tax, as such corporation frequently do, very little will go back into the national economy). In the US, local councils extracted occupation fees for mall tenants, but no such system exists here.

The people who benefit from such malls are the mall developers and the pension funds that are invested in them. In building on cheap greenfield or brownfield land and developing it into

more highly valued retail property it is a game of property speculation. A land grab.

Over my years of research I've become increasingly convinced that mall and superstore developers have a predatory effect on local and national economies, and so I went back to the States to uncover some concrete positive examples of mall activism. To my surprise



I found Jim Anderson (65), a university professor of History in Michigan (and a practicing Quaker), who, with a team of only twelve local activists in 1977, took on the Dayton Hudson Corporation and the local council and planning commission who had, between them, already agreed plans for a vast regional mall. Jim won the case against the mall through the US high court and through a vote in the local elections. "It's like Jesus said" according to Jim, "give me twelve good people, we don't need a cast of thousands."

In taking on the corporation Jim learned pretty quickly that their most powerful card was legal fees and time. As Paton states, "Mall developers have the financial muscle to sit out any protest, and wait till their opponents funds dry up". Running out of resources, Jim attempted two different strategies: firstly, getting the issue of the mall onto

the ballot papers for the local elections and secondly, by studying and learning the bureaucratic language of town planning. Also Jim conducted his own empirical research into the consequences of mall development on another town. He discovered that DH had opened a mall on the outskirts of Grand Forks, North Dakota and he hired a local photographer to walk round Grand Forks photographing the empty stores and deserted streets. With this visual evidence he then started a print campaign. "What DH malls do to your town", his slogan was "DON'T GET MALLED". In the local elections, with the mall issue, democratically proven by the high court to be an issue that could exist on the ballot paper, the anti-mall campaign won by a margin of 1,500 votes. It's an extraordinary example of a politically engaged and informed populace.

If we can take on America's mistakes wholesale, then, hopefully, we can also learn from its successes. While Mall development has slowed in the UK, this is no time for complacency. As Paton points out, the next wave of threat to town centres and local autonomy in the UK, is superstores. If we want to defend our local towns from multinational property developers that take and give very little in return, we may all have to bone up on the jargon of planning permission and impact assessment. After all, the impact is on us, and no-one has realistically, to date, made any true assessment on the reality of that impact. We may have to do, as Jim Anderson did in Michigan, and stop trusting the so-called specialists and councils, and start taking matters into our own hands. ■

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Conflicted Space

It is a truism that just as public space is critical to the functioning of the city, so is its nature, definition and usage the source of recurrent conflict. Public space wars are endemic to the city and, if anything, are becoming of renewed significance as cities undergo continuing rounds of regeneration to meet the challenges of global competition. The current restructuring of cities and of its public spaces has led some commentators to the pessimistic conclusion that

what we are witnessing is the end of *public* space. If, as a variant of endism, the argument is overstated in a literal sense, what is less disputable is that public spaces have been and are being steadily eroded as a result of how the processes of urban restructuring are unfolding. Yet, they are processes which are by no means unchallenged. Alongside those who talk in terms of the end of public space are those who have

raised the question of 'whose public space?', opening up the recognition that, however challenging, public spaces in the city need to serve the multiple publics comprising the city rather than just the particular interests of elite groups.

Such debates assume that we are able to define what we mean by public space. Initially, at least, this might appear a straightforward task. A minimal account might, then, define public space in terms of two fundamental criteria, its accessibility and its inclusion. A public space should be accessible to all and be inclusionary in the sense of not only how it is used but also in how it is produced, propositions that sound relatively uncontentious. Yet, neither term is unproblematic once they are unpacked,

revealing the contradictions and tensions which accompany the meaning of public space and its production. Thus, accessibility is measurable in different ways, physically and socially. Arguing that a public space – such as a central square in a city – should be physically accessible, i.e. useable to all, would appear essential to the meaning of its being public. But accessibility measured socially, the meaning of that space to

ourselves personally, might run counter to the logic of physical accessibility precisely because the more (physically) accessible a space the more impersonal it might become (because of the diversity and volume of people using it). If we could restrict its patronage – limit its physical accessibility - to certain groups then, socially such a space might become more accessible, at least for those able to regulate its usage. The contradiction begins to show why certain groups – those defined as street beggars, for example – might become the object of exclusion

from key civic spaces. But more generally, the example illustrates the tensions that underpin the nature of what we mean by public space, how it is defined, how it is produced and how it is regulated.

Cities are themselves sites of ongoing conflict and competition - between (for example) social classes, between users of different types of land, between car-owners and those dependent on public transport - so it is small wonder that conflict over public spaces is endemic. Added to this is that so much of the city actually comprises public space of one kind or another – or put another way, the term public space encompasses a wide variety of different types of activity reflecting the different dimensions of the city, social, political as

well as economic. Yet, the competition between different groups and the frequency of different types of public space making up the city are insufficient explanations as to why conflict over public space is so commonplace. More fundamental are the unequal power relations between different groups within the city and what can be termed the 'fragility' of public space, its ability to be appropriated and regulated to meet the aims of particular groups and interests.

One way in which we can begin to understand the implications of this fragility stems from the meanings and importance public spaces have to everyday life. Here the reality is that it is in the local neighbourhoods in which we live that our investment in the city is most immediate, so that it is locally that conflicts over public space are likely to become more intense. Thus, while in popular imagination, and certainly in media attention, public space conflicts tend to focus on particular types of episode particularly those that have relevance for the city as a whole – the redesignation of key civic spaces, the creation of iconic buildings occupying key sites and linked to the rebranding of the city – in fact most conflicts are much more localised. From protests resisting the closure of a valued local public facility, to the reclaiming of streets and many others, conflicts over public space tend to be more commonplace in the neighbourhoods and communities in which we live than they are over changes in the key public spaces of the city. What are perceived to be the threats to a local public amenity, to the privatisation of a part of a major park such as the recent Go Ape application in Pollok Park, might generate sufficient opposition so that local residents will organise and participate in a march. Opposition to proposals to change key civic spaces, to introduce an architecturally contentious iconic building as part of a regenerated waterfront (as in the Fourth Grace in Liverpool for the Year of Culture in 2008) may be expressed popularly through the media and through other means, but rarely generates sufficient reaction that citizens feel the need to organise a march or demonstration. In other words, public spaces differ in the sense of ownership they generate – for

Ronan Paddison explains that the diverse users of city centre public spaces make them easy for the elites to appropriate. They are spaces produced for us, not with us.

those in the local neighbourhood the sense of ownership is more immediate as are the benefits (and possible disbenefits) arising from them. City centre spaces, riverside regeneration sites and other such spaces belong more to the city as a whole, to all its residents. But it is precisely because their ownership is more diffuse that such spaces are more fragile, becoming in effect more easily appropriated by elite groups. Significantly, such appropriation can become expressed as being in the public interest, as the means of instilling a sense of civic pride and so appealing to the collective interests of citizens as a whole.

The importance of this was readily apparent in the Victorian city and to its elites. The development of urban parks is a case in point, the establishment of which reflected not just the ability of the growing middle classes to impose their values on the working class but also, through the provision of such spaces, to attempt to control their behaviour

within the city. Elsewhere within the city, particularly in its central area, privileged groups were able to inscribe their values into the urban landscape. Thus key civic spaces, and their adornment through the use of public art, were decided by local political elites. Use(r)s of the city centre considered inappropriate were moved to peripheral locations or excluded – the ongoing conflicts arising from street trading in the Victorian city or, as a more specific example, the physical marginalisation and successive relocating of Paddy's Market in Victorian Glasgow illustrate the exclusionary processes accompanying public space usage and its regulation which favoured particular groups. By definition, such exclusionary processes question the

extent to which spaces meet the basic criterion of publicness.

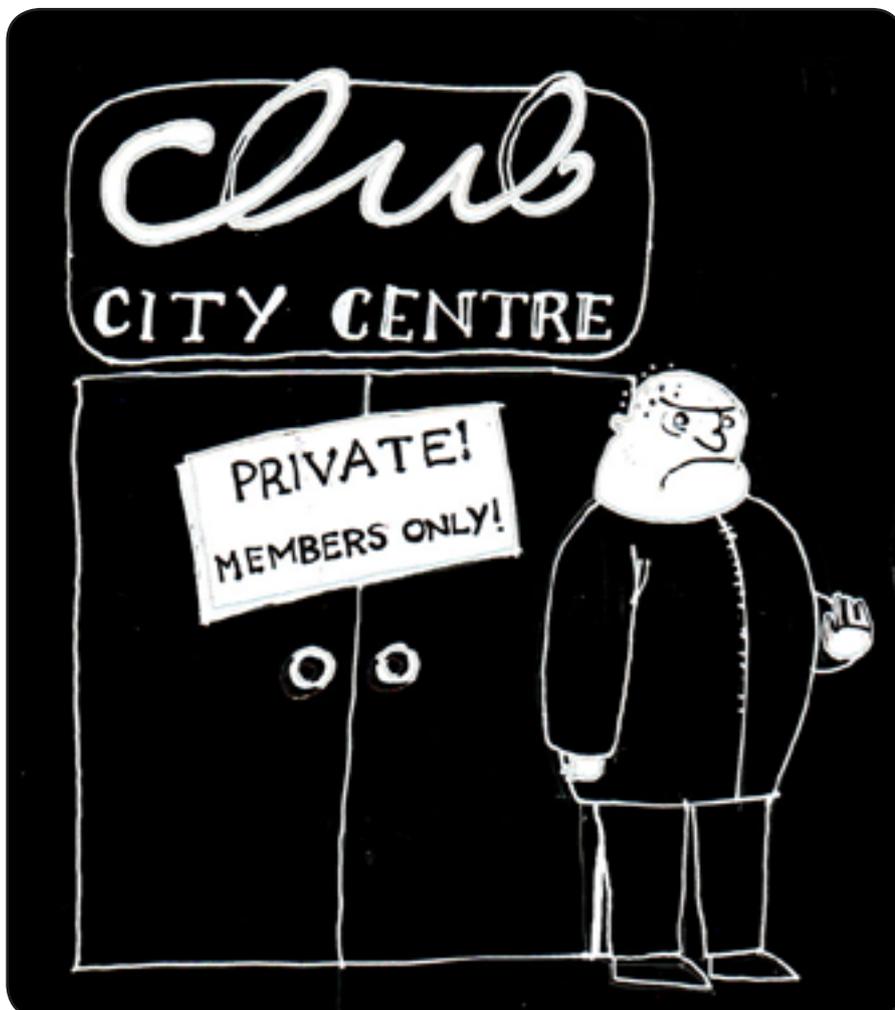
These historical precedents bear some relevance to the contemporary public space wars, even if the contexts in which they are being played out differ. The gentrification of cities, the emphasis placed on producing attractive city

A public space should be inclusionary not only in how it is used but also in how it is produced

centres able to attract tourism and other inwards investment, the marketing of cities are all typical of the policies guiding the regeneration of cities which in turn is part of the neoliberal orthodoxy aimed at ensuring the competitiveness of the city in the marketplace. Each has profound implications on how public spaces are being reproduced and regulated effectively to serve particular interests.

Underpinning public space conflicts in the city are the unequal power relations between different groups. Yet a deeper level of analysis would need to venture into the contradictions between representative and participatory democracy and their implications for the production of public space. How public spaces are produced and regulated – how *public* they are – is based on a meaning of urban democracy that privileges (elected) representative democracy over participatory democracy. Hence the reality, that public spaces have been and are produced *for* us rather than *with* us. Yet, as the experience of any city will demonstrate, public space wars do not always reflect the interests of elite groups or the objectives of neoliberal policies. Closures of local public facilities are successfully resisted as are inappropriate incursions into public spaces, parks for example, aiming at their commodification, while cities, their neighbourhoods particularly, have public spaces that are beyond the neoliberal gaze and are safeguarded through local participatory action. ■

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Re-Imagining Public Ownership

As the politics of austerity and a reheated neoliberalism bite ever further into the public realm, there is an increasing urgency for an alternative political economy framed around social and environmental justice. But, although there is no shortage of grassroots and opposition movements, there is a depressing lack of serious debate about what concrete forms such alternatives might take.

The emergency nationalisation of the banking system in North America and Western Europe has done little to challenge the political elites in their unshakeable belief in the merits of private ownership as a solution to all economic problems. As the recent 'return' of the Northern Rock to private ownership shows, public ownership is regarded as a temporary solution until 'business as usual' resumes. The reality that the Northern Rock was for its first hundred years a local mutual organisation has been conveniently airbrushed from official accounts.

On the left, with a few exceptions, we seem to shy away too readily from discussing an alternative political economy, stuck in a resistance groove, rather than rising to Gramsci's call for a 'war of position'. In particular, there has been a surprising silence, given recent events, about public ownership. Two particular questions are apposite. How do we learn the lessons of past experiences? And, what forms are appropriate to the dramatically changing economic landscape of the twenty first century?

Contesting the hegemony of the private

In a new book - *Reclaiming Public Ownership: Making Space for Economic Democracy* (Zed Books) - I argue that we need to challenge the fetishisation of 'private good, public bad' that retains its grip on policymakers. Adam Smith's heroic individual and Schumpeter's entrepreneurial innovator long ago gave way to the large, private corporation and nefarious financial institutions as the dominant agents shaping our economic reality.

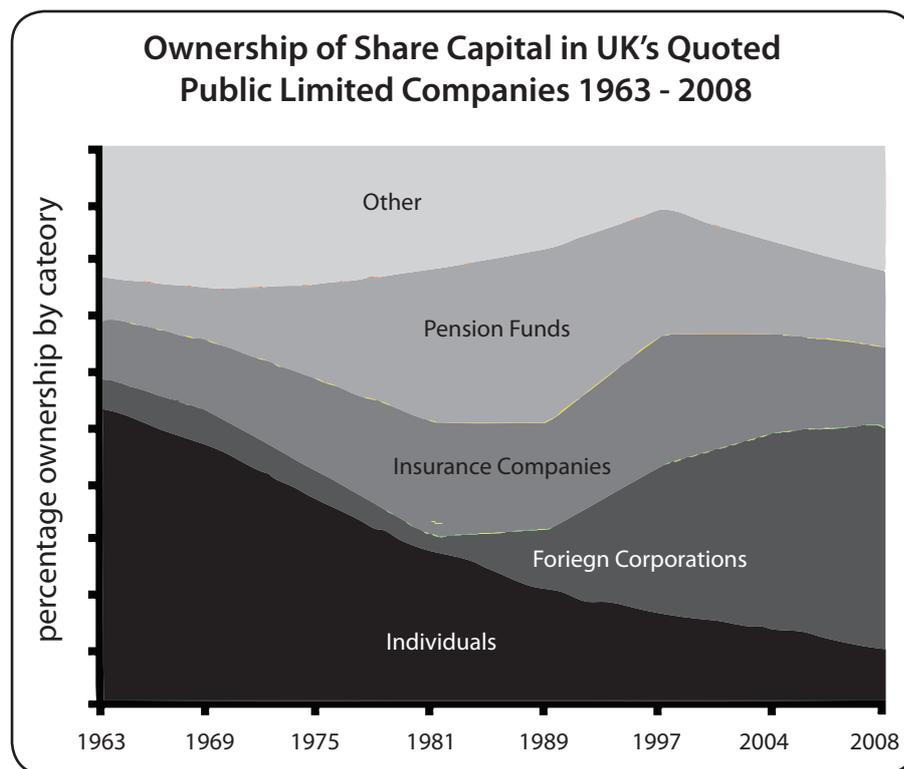
More recently, what I refer to as a 'globalised privatisation regime' has concentrated economic assets and decision-making in fewer and fewer

hands. As the Figure below shows for the UK, Thatcher's share-holding democracy of private individuals proved a useful piece of fiction, a handy short-term electoral device for her project of remaking the British political economy in the 1980s. In the longer term, her privatisation programme, and that of subsequent governments, has concentrated economic decision-making power considerably, whilst shifting the balance of power in the economy away from productive activity to increasingly speculative finance-based capitalism. As the figure below shows, the percentage of shares held by individuals in Britain's publicly listed companies declined from 54 per cent in 1963 to 10 per cent by 2008 while that of foreign corporations increased from seven to 40 per cent over the same period.

back to the monolithic state enterprises of days gone by. Instead, we should be open to the possibilities that new and diverse forms of public ownership might offer. To do this effectively, the left needs also to wrestle back terms like freedom, democracy, and the rights of the individual from its capture by the Hayekian right.

Democratising the economy through a regime of decentred collective ownership

Invoking the late Paul Hirst, socialism's best answer to the free market fundamentalism of the right and the centre left's accommodation with neoliberalism remains the vision of a real radical democracy. Critically, I argue that we need new forms of collective ownership that draw upon a diverse set of institutional arrangements



The left needs to be far more vocal in both revealing the creeping corporate autocracy that increasingly dominates our lives, whilst renewing a project for a more radical democratic economic vision. But it also needs to engage with the right about some of the failures of past nationalisation programmes. A questioning of the rationale behind private ownership should not take us

as the best means for stimulating economic democracy, innovation and social justice. In the book, I set out five guiding principles for a renewal of public ownership:

- a commitment to social justice as class justice in the sense advocated by Marx,
- where workers have decision-making power with respect to their own

Andrew Cumbers calls for the left to develop the case for nationalisation and mutualisation in a 21st century context – and for mainstream politics to listen

- labour;
- a renewed engagement with older forms of mutualism and collectivism to build alliances beyond the left's traditional social base;
- a commitment to the promotion of knowledge creation, innovation and diversity in economic practice;
- the importance of dialogue and pluralism in economic decision-making;
- a regime of decentred and distributed decision-making.

The last point is particularly important in countering the neoliberal hold on public discourse. Following Hayek's devastating critique of public ownership as centralised planning, it is unrealistic to imagine that all economic decisions can be subject to collective democratic planning. Nevertheless, this does not detract from the need to try to find solutions that open up the economy to more collective and participatory decision-making processes as a general philosophy.

Whilst an alternative political economy will require the need for planning and ownership at higher geographical scales, these need not necessarily be concentrated within particular places, organisations or social groups. What it does require is a commitment to the decentring of knowledge and decision-making power wherever possible to a plurality and diversity of organisations and associations (e.g. mutual bodies, trade union research networks, small business associations, government and autonomously funded think tanks) to offer alternative and competing interpretations of economic problems.

Of course, there are no guarantees in any economic system that elite or special interests cannot capture policy agendas to the detriment of the common good, but dispersing functions, knowledge and institutional capacity does at least provide important countervailing tendencies. In the book I illustrate this point in different ways through Norway's state-owned oil industry and Denmark's decentralised and collectively owned renewable energy complex.

While Norway's oil development

was channelled through the institution of a state oil company, Statoil, as a means of safeguarding the nation's interests, there was a remarkable level of public engagement and participation in energy matters in the 1970s. A radical civil society formed to contest corporate and multinational control of oil resources. An active trade union movement, the establishment of the Petroleum Directorate (hereafter PD) as a separate organisational actor to Statoil with its own knowledgeable staff, and the detailed scrutiny of Statoil and the legislative power to hold its board to account by various parliamentary committees, ensured a full and democratic debate unparalleled in any other oil producing country. Although an oil industrial complex has come to dominate Norway's oil affairs in recent years, the country is still a beacon for a more social and environmentally responsible approach to energy development.

Denmark is interesting for the way in which a diverse range of collectively owned institutions from state owned energy producers, local wind co-operatives which account for 80 per cent of the sector and municipally owned electricity distribution companies ensure a degree and diversity of public participation and engagement in economic decision-making unparalleled elsewhere. The Danish success story, in producing one of the world's leading renewable energy sectors, is compelling in illustrating the potential for harnessing older rural traditions of mutualism, associationalism and collective practice with contemporary progressive concerns in combating climate change. There are examples of considerable public sector innovation at the local scale, notably the municipal-cooperative model of ownership piloted in the Copenhagen Mittelgrunden offshore wind development.

New forms of public ownership continue to flourish elsewhere too with interesting local examples that can be applied more generally. Latin America is rightly celebrated for its role in challenging neoliberalism with nationalisation agendas in Bolivia and Venezuela to the fore. However, some of the most interesting and novel forms

of public ownership and partnership are being constructed at the municipal level, through 'public-public' partnerships emerging between cities in Latin America and Europe and Japan in opposition to the 'top-down' IMF- and World Bank-imposed models of privatisation.

Updating Marx's vision

Karl Marx's nineteenth-century critique of capitalism, and the appropriation of common wealth for private interests, remains as pertinent today as when he wrote it. This requires a commitment to egalitarian values and principles that can at the same time be sensitive to different contexts in time and space. There is no 'off the shelf' nationalisation model of public ownership that can be applied everywhere to retake the economy from elite interests. Rather, there is a need to work with existing and diverse traditions of collectivism in civil society to push forward an alternative economic project.

This is an important departure for the left in recognising affinity with very different forms of 'anti-capitalism', but, as the alter-globalisation movement has shown us, practices of neoliberal capitalist enclosure pose a threat to a variegated terrain of already existing collective forms of ownership and economic decision-making. Older and even more conservative forms of cooperation and collective learning can be both learnt from and enrolled in constructing more democratic forms of economic practice.

At the core of my argument here is a sense that our ideas about ownership and control on the Left need to be radically rethought to be relevant to the changing global economy of the twenty-first century. We need a new set of democratic structures to make the important economic decisions facing humanity in the years ahead. Against the received wisdom in governing circles, I would argue that democratic public ownership is not only an increasingly urgent requirement in the years ahead but also, as the Danish experience shows, a practical possibility. ■

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Declaration of Interdependence

The newly created and proposed Icelandic constitution, which we are hearing quite a bit about at the moment, has a preamble that starts with:

We, the people who inhabit Iceland, wish to create a just society where every person has equal opportunity. Our diverse origin enriches our society and together we are responsible for the heritage of generations, our country and its history, nature, language and culture.

To quote Professor Þorvaldur Gylfason, when he was speaking at a Nordic Horizon's event in the Scottish Parliament March 29 2012, "why did we want to say this upfront? Well that is because . . . Iceland has not been that kind of place". An interesting point to make for a country that in 2012;

- topped the World Economic Forums Global Gender Gap Report climbing from fourth in the year of its now near mythic crash 2008
- also topped the Global Peace Index: defence spending is low, having scrapped the Icelandic Defence Agency which was launched in 2008, though still contributing to NATO peace keeping missions, and only 47 per 100,000 folk in jail
- interestingly was first ranking in the UN Human Development Index in 2007 and 2008, as of 2012 is 14th, with life expectancy and years of schooling on the rise.
- but 88/151 on the New Economics Happy Planet Index mostly because of its poor ranking on ecological footprint as a result of the ruling elites implementation of neoliberal economic policies, and perhaps therein we find some of the rub

Professor Gylfason was one of 25 people elected to what became the 2011 Constitutional Council. This group was instrumental in drafting the proposal for what is hoped will become Iceland's second constitution since 1944. The current document was adopted when Denmark was occupied during the Second World War and Iceland saw it's chance to become a constitutional Republic (having become a sovereign state in 1920) gaining full independence from 580 years of Danish rule.

The original Icelandic Commonwealth had entered into a

Union with Norway in the mid 13th century that had been subsumed by the Danish monarchy in the Kalmar Union. Prompted by the European Spring of 1848, Iceland called a *Þjóðfundurinn* (The National Meeting or Assembly) with the desire to resolve the political standing of the country. The Danish Governor at the time dissolved the meeting due to irreconcilable differences between the Danish colonial desires and that of the natives for self-determination. At which point the leader of the independence movement Jón Sigurðsson stated his protest, reportedly to have been unanimously echoed by the members of the assembly.

The first ever constitution for Iceland was introduced in 1874 as a result of the growing independence movement and calls for civil rights in wider Europe. However it only gave authority over internal matters, managed through their parliament the *Alþingi*, which had been reinstated in 1844 after 45 years abeyance: perhaps something like today's Scottish devolution settlement. At this time the country was a constitutional monarchy with the Danish King ultimately in charge.

Icelanders celebrate their Independence Day on Jón Sigurðsson's birthday June 17th. Jón was born in 1811 the year after an aborted coup by a Danish prisoner of war and an English merchant looking to source tallow for his soap production. At the time of Jon's birth it seems Icelanders had no great desire for autonomy or democracy, quite a different story from today or from the time of the original settlement when Iceland emerged, uniquely in Europe during that period, as a proto-republic.

It's important for us to understand the context of peoples and how the environment that their culture grows out of influences social development. Having hovered around fifty thousand people from beginning of contemporary recording in 1703 to 1830, population growth recorded 85,661 people in 1912. One hundred years later most of Iceland's 319,575 population is descended from the Norsemen, and their Gaelic (Scottish and Irish) slaves who are understood to have settled the land around the 870s. This settlement is detailed in the *Landnámabók* (Book of Settlements), a

companion text to the Icelandic Sagas which allows for the tracking of families, stories and their interconnection from the first 435 settler groupings into the 11th Century. These medieval manuscripts have helped to sustain the shared narrative of the population for over 1,100 years.

Today there is a website *Íslendingabók* (Book of Icelanders), which contains genealogical information about the inhabitants of Iceland. You can pop in your *kennitala* (ID number) and up comes a list of your relations, in some cases back to the original settlers. That would be like me being able to trace my family tree online back to when Kenneth MacAlpine was uniting the Kingdom of Scotland.

The Icelandic people conceive their current Parliament as part of an almost unbroken line of representative democracy since the first assembly or *thing* of the Old Norse tradition was convened. The initial *Alþingi* (General Assembly) of the Icelandic Commonwealth was held at *Þingvellir* (Assembly Fields) in 930. (Govan had a *thing* site apparently intentionally erased from memory during the consolidating of the Kingdom of the Scots, as it had been the power centre of the Kingdom of Strathclyde. Imagine it rather as having held a continuous line of democracy since it's establishment, around the same time as the Icelandic *Alþingi*, until now!)

As the initial post-*kreppa* (crisis) protest of October 2008 matured into a movement, the *Raddir Fólksins* (Voices of the People) with weekly gatherings outside the Parliament also offered the opportunity for strangers to meet connect and discover common interests.

As a small tribal nation, Icelanders have developed some customs that limit social circles. Often close relationships revolve around family and friends made at school, coupled with a surprisingly strict social distance with acquaintances likely evolving out of the power of favouritism and abuse of discretion to impact lives. People hold their cards close to their chests in dealings with each other, and are canny at manoeuvring in a small-p political environment where you never know when the person your dealing with might have connections which can impact your future.

Everyone knows Iceland had a financial crisis but not enough people know what happened next. Susan Pettie explained how Iceland managed a radical process for creating a new, democratic constitution.

In January 2009 parallel to the movement achieving its stated aims of 'Resignation of the Government' and 'Elections as soon as possible' some of those people that had been meeting weekly felt that it was important to continue this heart beat of the revolution. They set up the *Hugmyndaráðuneytið* (Ministry of Ideas) with the aim of "channeling some of the human potential we have here in Iceland into innovation and entrepreneurship" creating "a forum for innovators of all sorts, in all fields".

Meanwhile the elections threw out the party of the establishment *Sjálfstæðisflokkurinn* (The Independence Party), Iceland's ruling right elite, and brought in for the first time a coalition of *Samfylkingin* (The Social Democratic Alliance) and *Vinstribreyfingin – grænt framboð* (The Left-Green Movement).

As the new government got to work, the grassroots weekly meetings began to consider what had gone wrong with their representative democracy and how they might upgrade their political operating system; out of these discussions a voluntary adhocacy *Maurapúfan* (The Anthill) emerged. We can consider Iceland's constitutional review as being formed by parallel process' of people and politics.

The chair of the Social Democratic Alliance, Jóhanna Sigurðardóttir, became Prime Minister in the new Government. While Jóhanna is noted for being the world first openly gay head of government, and Iceland's first female Prime Minister, she also brought with her to office a long-held passion for constitutional reform from her 35 years in parliament. Since 1944 the parliament had been promising to review the hastily appropriated constitution but as Prof Gylfason points out the very vested interest who benefit from it's imbalance were the ones charged with changing it: no surprise that the process never got off the ground.

Inspired no doubt by the 1844 *Þjóðfundurinn*, *Maurapúfan* began to consider calling another national meeting. Amongst the ranks of this grassroots gathering were people passionate about the power of dialogue including a key figure in the design of the process Bjarni Snæbjörn Jónsson. Bjarni had been involved in values surveys in Iceland pre- and post-*kreppa*, and for his PHD dissertation was interested in examining the 'conscious evolution of human social systems'. In November 2009

around the same time as nearly 1,500 people (half a per cent of the population, equivalent in Scotland to 25,000 people) gathered to consider 'What core values will be our guiding light in developing the society and what is the purpose and vision of the future society of Iceland?', with outcomes including a demand for constitutional review, the Parliament was considering a bill on the setting up of a Constitutional Assembly.

Before the bill became an Act in June 2010 it evolved the constitutional review process to start with another national meeting of a random selection of the population, this time 'to call for the principal viewpoints and points of emphasis of the public concerning the organisation of the country's government and its constitution'.

After this national meeting, elections to the Constitutional Assembly (which then became a Parliamentary Council) were held and the 25 elected persons 'of no political affiliation' chaired by Salvör Nordal, Director of the Ethics Institute University of Iceland, proceeded to work detail into the broad-brushstroke recommendations from the national meeting. All council meetings were live streamed, proposed clauses were posted online for comments, and invitation was made for all those with ideas to get in touch. While international reaction to the process and draft has been positive, criticism highlights the inherent bias to the political left with the ruling elite choosing to exclude themselves. Interestingly the most innovative democratic suggestions were rejected and the decision was made to keep the patriarchal pyramidal form of executive oversight in the President, though with reduced powers. On 27 July 2011 the council unanimously agreed the proposed constitution and presented it to the Parliament.

The proposal was eventually put to a non-binding public referendum in October 2012 with six specific questions that highlighted the key changes included in it - natural resources as national property, establishment of a national church, election of individuals to the parliament (rather than just parties), equal weight for votes cast (rural votes count more currently), proportion of the electorate can demand a referendum

- as well as asking for general agreement to use it as the basis of a new draft constitution. These areas hit at the core of the sustaining power of the imbalance in Iceland's society that the ruling elite has prospered from.

Turn out was 48.7 per cent with a majority voting in favor of the six questions, *Samtök um Nýja Stjórnarskrá* (The Union for a New Constitution) felt it a success though widely divergent interpretation of the results can be found on either side of the political spectrum.

Before the referendum the newly re-elected President (longest ever in office) publicly argued against the proposal, sighting the disunity in parliament as fundamentally problematic. This continued in his Jan 1 New Year address. *Sjálfstæðisflokkurinn* encouraged voters to reject the proposal and *Samfylkingin* encouraged them to accept it: with the Prime Minister sighting the vote as a clear mandate from the people for change in her end of year speech. Challenges from experts on Icelandic history and constitution, law departments in Icelandic universities and lawyers in the Supreme Court continue. The evolving proposal which now includes the responses from a specialist group and the results of the referendum will go to The European Commission for Democracy through Law or Venice Commission in January to assess its impact.

There will be a general election in Iceland this year, the current Prime Minister has said she will not stand, with the economy improving support for the right is increasing in the polls, and concern that movement on the constitution will be delayed until after the election is palpable. Like every system of privilege the people who benefit from it are indoctrinated with the righteousness of its design: what motivation would *Sjálfstæðisflokkurinn* have to continue with a constitutional proposal which would see their monopoly on resources, power, and people reduced? ■

Susan Pettie lived and worked in Iceland. She now runs So Say Scotland, a politically-neutral, broad-minded, nonprofit and currently voluntary project inspired by Iceland's grassroots national assemblies movement – www.sosayscotland.org

Privilege and Passivity

In an article in the Daily Telegraph last May, Michael Gove, Tory Education Secretary and academies enthusiast, commented on the preeminent role played by private school graduates in British society. Expressing his belief that “it is remarkable how many positions of wealth, influence, celebrity and power in our society are held by individuals who were privately educated”, Gove offers a series of examples illustrating how private school alumni dominate the upper echelons of politics, medicine, academia, law, business, and the media. The article contains a number of other compelling and, coming from a Tory Education Secretary, surprisingly progressive observations about the profound inequality at the heart of British society:

“More than almost any developed nation, ours is a country in which your parentage dictates your progress.”

“Those who are born poor are more likely to stay poor and those who inherit privilege are more likely to pass on privilege in England than in any comparable country.”

Aware that these comments could easily be interpreted as a criticism of private schooling, Mr Gove was quick to assure us that this was not the case. As a consequence, he did what numerous politicians of all stripes have done when commenting on societal inequalities, especially those stemming from our two-tiered education system: diagnosed the malady but did not prescribe a cure.

For all that, Mr Gove’s comments merit further interrogation. A recent study of international social mobility by the Sutton Trust found that a child’s life prospects rise exponentially according to the social economic status (SES) of their parents, with children from educated, wealthy families hugely outperforming those from low income families. Naturally, high SES families have an interest in maintaining the status quo. It is unsurprising, therefore, that in countries with a greater reliance on the private education sector (the UK and US) social mobility is increasingly sclerotic.

These points were driven home by a recent social report by Alan Milburn, the Government’s Social Mobility Tsar. Milburn found that the most advantaged 20 per cent are seven times

more likely to attend university than the least advantaged 40 per cent, and that four private schools and one sixth-form College sent more pupils to Oxbridge than the rest of England’s 2,000 state schools combined.

Despite such incontrovertible evidence of the damage that the private education system does to our chances of achieving greater societal inequality, the idea of abolishing private schools would be viewed, in contemporary society, as extreme bordering upon the heretical. In today’s capitalist consumer culture, any attack on the sacred cow of parental choice would not be tolerated. In any event, EU human rights legislation would likely render such a move illegal. As consequence, the debate on private schools has necessarily focused on the issue of charitable status.

It is safe to say that private schools do not subscribe to most people’s definition of a charity. They are probably best described as fee paying not-for-profit educational establishments. Their enjoyment of charitable status can be attributed to the fact that many were originally conceived as charities – Eton was established by Henry VI as a school for needy scholars. Over the years, however, they have transmuted into bastions of educational elitism and social privilege.

The journalist Fiona Millar, a longstanding champion of the state sector, has advocated the introduction of more stringent regulations to gauge whether independent schools are justifying their charitable status. Her latest intervention centred upon an attempt in 2011 by the Independent Schools Council to overturn one of the primary provisions of the 2006 Charities Act, which removed the presumption that all institutions providing education also provide public benefit. Not only did the attempt fail, it prompted a renewed attack on the private education sector by the Blairite Labour MP and shadow education secretary Stephen Twigg. In an interview with the Guardian, Twigg claimed that a Labour Government could legislate to remove charitable status from independent schools deemed to be failing to meet the public benefit test, and attacked private schools as “a major barrier to achieving a more just society

and greater social mobility”.

The issue has also been garnering headlines north of the border, in large part due to a series of articles by the Sunday Herald’s investigative journalist, Paul Hutcheon. These have served to refocus attention on a debate which has lain largely dormant since 2003, when the Charities and Trustees Investment (Scotland) Act 2005 was making its passage through Parliament. A group of Labour, Scottish Socialist Party and Scottish National Party MSPs saw the legislation, which established OSCR, as an opportunity to reappraise and potentially rescind the tax breaks afforded to the independent education sector. Nicola Sturgeon, then the SNP’s Justice Spokesperson, defended the right of parents to choose to educate their children privately, whilst expressing her belief that “the role of the taxpayer should be to fund high quality state education and not to subsidise the private decisions taken by individual parents”.

Sturgeon shifted responsibility for taking any action onto Westminster, which at the time retained legislative competence on the issue, claiming that she did not want the passage of the Act “derailed” by a discussion over private schools. This stance was backed emphatically by the then First Minister Jack McConnell, whose official spokesman moved with depressing if predictable celerity to assure the private sector that “any attempt by backbench MSPs to use this Bill as the basis for some kind of class action will be resisted”.

Since the SNP’s ascension to power in 2007 the issue has hardly been raised, and neither Nicola Sturgeon nor any of her party colleagues shown any interest in revisiting it. However, Hutcheon’s interventions have succeeded in returning it to the national agenda. His investigations have uncovered a number of interesting facts; for example, a series of questions to the Ministry of Defence established that, over the past 10 years, Scottish Private Schools have received over £10 million of taxpayers’ money to pay for the education of the children of senior army personnel earning in excess of £100,000, under the Continuity of Education Allowance.

But Hutcheon’s primary focus has

Dave Shaw looks at the recent history of political attitudes and comments towards private schooling and behind the rhetoric finds very little reason to believe there is any serious hope of reform

been the tax breaks that Scotland's private schools derive from charitable status, chief amongst which is a mandatory 80 per cent discount on non-domestic rates. In practice, this means that whilst Wester Hailes Education Centre, where 40.5 per cent of pupils are registered for free school meals, received in 2011/12 a non-domestic rates bill of £261,873, Fettes College, where the average fee for a day pupil is £21,075 per annum, received a bill of just £41,828. Essentially, private sector schools are being subsidised by state sector taxes.

Key to the argument over charitable status is the public benefit clause enshrined within The Charities and Trustees Investment (Scotland) Act 2005. This states that; "In determining whether a body provides... public benefit, regard must be had to

[circumstances] where benefit is, or is likely to be, provided to a section of the public only, whether any condition on obtaining that benefit (including any charge or fee) is unduly restrictive." Whilst there is no doubt that private school fees are "unduly restrictive", the clause allows for the taking of "mitigating action" to offset this. For private schools, this primarily involves the award of bursaries.

However, evidence shows that most bursaries awarded by Scottish private schools are only partial. An analysis of mid-ranking Merchiston School reveals that in 2011/12, means-tested bursaries accounted for just 8.2 per cent of gross income (14.7 per cent of the school roll). Only 11 pupils (2.4 per cent of roll) received 100 per cent bursaries. Consequently, the vast majority of bursary recipients are likely to come from affluent families that can afford an annual outlay of several thousand pounds in school fees.

The recent revelation that Fettes College in Edinburgh has failed the charitable status test prompted Scottish Labour's Education spokesperson, Hugh Henry, to declare that private schools failing to meet the "public benefit test" should have the status rescinded. The likelihood of this is scarce; judging by past examples, Fettes – along with the other two schools deemed to have failed

the test – will be required to do little more than marginally increase its bursaries and mark a few more state school exam scripts.

However, the purpose of a charity is not to marginally narrow the gap between the well off and the very well off, it is to help the neediest; in an educational context, this entails addressing societal inequality and working to ensure equality of opportunity.

Defenders of private schools argue that by paying both taxes and fees parents who send their children to private schools are in fact subsidising the state system. But these parents are not actuated by philanthropic motives; they wish to afford their children an advantage in life which most parents cannot afford. Society would be much better off if everyone paid higher taxes and sent their children to the local state school.

Some academics have suggested that private schools could do more to justify their charitable status if they agreed to work more closely with state schools to drive up educational standards. Private schools, unlike their pressurised counterparts in the state sector, have the time and resources to experiment with new and innovative modes of teaching and learning. According to one academic, sharing the benefits of this knowledge should be a condition of their charitable status. In this way, they could justly be said to be driving improvement

and innovation across the educational establishment.

The problem with this is that independence from the state sector and a reputation for innovation is what makes the private sector, in the eyes of many parents, so alluring. The knowledge that this independence was being diluted would inevitably detract from that allure. Narrowing the gap is not in private schools' financial interests. Allied to this is the fastidious distaste – for the most part carefully concealed – that many private educators have for bringing their pupils into contact with their counterparts in the state sector. They will go to great lengths to maintain the purity of their elitism, as Anthony Seldon, Master of Wellington College, has discovered.

Seldon has made concerted efforts to foster closer links between the private and state sectors. The results have not been encouraging, with Seldon's experiences leading him to conclude that most private schools have no wish to engage with state schools in this way, offering "spurious reasons such as parental objections for masterly inactivity". Reciprocity is germane to the charitable covenant: why should taxpayers continue to subsidise tax breaks for schools that refuse to reinvest in society?

Even following Ed Miliband's recent paean to state school values – and implicit rejection of private school ones – it remains unlikely that any political party north or south of the border would have the courage to launch a serious assault on the existence of the independent sector. For many, the principle of parental autonomy is king.

However, for any political party brave enough to take concrete action, a commitment to rescinding the charitable status of private schools, or, at the very least, ensuring that they justify it, would constitute a powerful statement of intent, signalling a genuine determination to reform and improve the education system, rather than sit idle as inequality increases and inherited privilege becomes ever more entrenched. ■

Dave Shaw is a Parliamentary researcher for the Scottish Labour Party

Who owns your school?

“Experience is accumulating that remoteness between ownership and operation is an evil in the relations among men, likely or certain in the long run to set up strains and enmities which will bring to nought the financial calculation.” John Maynard Keynes, National Self-Sufficiency, 1933.

In Scotland, the public sector has contracted the private sector to build and run many public sector assets through PFI and its later non-profit distributing, (NPD), variant. The key private sector vehicle for doing this is known as a Special Purpose Vehicle (SPV). As shares in the SPV are bought and sold, the actual ownership of a PFI may quickly come to bear little relationship to the original shareholders. In this paper, we show who does actually own the SPVs which run Scotland's PFI schemes: and we also show why the question of ownership matters.

There are eighty five PFI projects in Scotland (excluding projects reserved to Westminster), with a typical project life of 30 years. They have a total capital value of £5.706 billion, and in 2011-12 an annual charge to the public sector of £865.8 million.

Does it matter who owns PFI companies? The question of ownership certainly matters to the public sector client. For example, in Angus schools PFI, credit agency checks were used in assessing the financial standing of the bidders, “as they are providing the financial guarantees for the construction and facilities management sub-contracts”. It is clear that the Council was not only concerned about the construction phase but also about the consortium being able to handle long term facilities management of the PFI.

Among the public, there is still a widely held view in Scotland that part of the value of the public sector is that it is not-for-profit, and that it matters a great deal who owns our basic public infrastructure. One clear indicator was the resounding ‘No’ to the privatisation of the water industry. For the general public, the large returns which are made by many owners of PFI companies are not acceptable.

Moreover, public concerns over health and safety, and inconvenience, were widespread when the Seafield

PFI sewage works failed in 2007 and pumped effluent into the Forth. Further, who owns the special purpose vehicle determines, for example, the PFI companies' attitude to extending opening hours in schools for community use. And undoubtedly, the return to our economy can be much larger if the SPV owners are taxpayers in the country and not registered for tax in a tax haven.

The Treasury acknowledges that authorities might have legitimate interest in placing conditions on the companies who can own PFI contracts, but it has not taken any steps to enable this to be done effectively.

So who does own Scotland's PFI companies? This is not an easy question to answer. The information published by the Treasury on ownership is seriously flawed; it is not always up to date and it just lists the owners' names as given, with no clue of who may ultimately have the controlling interest.

We have researched company information and company reports to determine ownership in the four main PFI areas in Scotland: water, education, health and transport. A significant finding is how often equity stakes in PFI companies can change hands. Take, for example, the Aberdeenshire schools PFI1 project, with a capital value of £14.3 million. The original shareholders were the PFI Infrastructure company (20 per cent), Bank of Scotland (30 per cent), and the Robertson group (50 per cent), all companies based in Scotland. In 2004, the PFI Infrastructure company increased its shareholding and the Bank of Scotland reduced its. In 2005, I2, a company owned by Barclays and Societe Generale, bought out the PFI Infrastructure shareholding. In 2007, 3i, another PFI player, bought a substantial share in I2. In 2009, Barclays bought out 3i and Societe Generale, so that the shareholders of the school's SPV are now, Barclays, Robertson group, and Lloyds.

The outcome of our research is a set of detailed tables showing the latest information we have been able to determine on the ultimate owners of each PFI scheme in Scotland, where these owners are registered, the capital value of the scheme, and the annual unitary charge (the tables can be accessed at www.cuthbert1.pwp.blueyonder.co.uk).

The most striking features to emerge are:

The types of companies involved.

A typical PFI project consists of a consortium of companies each bringing specialisms to the project – like expertise in construction, facilities management and finance. Hence, these types of companies constitute the original ownership of the SPVs. Their owners today are typically large banks, investment companies, and the investment arms of large construction companies. Among the banks, Barclays is dominant. Among self-standing investment companies, a dominant player is Innisfree, which has a seven per cent stake in Scotland's PFI projects, including three schools projects, a hospital, and a road. The CEO of Innisfree is David Metter, a non-dom who is believed to control around three quarters of the company. Seventy two per cent of the shares in Innisfree are held in Guernsey. Among the construction companies which have investment arms are John Laing (Channel Islands), Balfour Beatty, and Hochtief.

Despite the dominance of these large non-Scottish companies, there are one or two exceptions. In particular, there are two significant Scottish companies, Robertsons and FES, which have used the opportunity of PFI in their respective base areas of Grampian and Stirlingshire to grow, and to build up significant portfolios of SPV shares.

And finally, in a few cases, the PFI owners are very obscure and small, yet own important PFI projects. For example, two PFI hospital companies, (Stonehouse and Crosshouse hospital, Ayrshire), are owned in entirety by a company called George Street Capital. The accounts for the company show that there are only two shareholders, both private individuals, and the company's registered address is care of a lawyer's office in Glasgow.

Concentration of Ownership.

There is considerable concentration of ownership. The 85 SPVs running PFIs in Scotland have in total 51 shareholders. Seven companies own more than 50 per cent of the stock and subordinate debt of the PFI companies. These are, Barclays, Innisfree, Bilfinger Berger, Balfour Beatty, ABN Amro, John Laing and HISL. At the other extreme, SCRA, Care

Margaret and Jim Cuthbert ploughed through the data to discover who actually owns the schools and hospitals built through PFI. We should worry about the results.

UK, Filetek and Stirling Gateway have a very small shareholding amounting in total to less than 0.1 per cent of the total.

Where these companies are located. The location of the SPV owners is as follows:

Location	Number of Companies Owning stakes in Scottish PFIs	Number of Scottish PFI projects in which stakes held	Total Capital Value of stakes held £m	Percent share of capital value
Channel Islands	8	33	1660.15	29.1 per cent
Netherlands	3	9	629.13	11.0 per cent
France	3	6	200.54	3.5 per cent
Germany	3	8	561.9	9.8 per cent
USA	1	3	43	0.8 per cent
Hong Kong	1	2	78.15	1.4 per cent
Australia	1	1	146.5	2.6 per cent
Worldwide: Barclays	1	25	776.66	13.6 per cent
: other	4	9	102.94	1.8 per cent
Rest of UK	13	29	1061.37	18.6 per cent
Scotland	13	31	445.89	7.8 per cent
Total	51	156	5,706.22	100 per cent

Note: the column giving total capital value shows how the total capital value of PFI projects splits down in proportion to the equity shares owned by companies in each location.

The classification of owners by country is, to some degree, a matter of judgement. In most cases, the location is the head office of the company. A number of companies have moved their PFI financial business offshore to the Channel Islands, and are therefore classified as “Channel Islands” companies in the above table. This includes the John Laing group, the PFI spin out parts of HSBC, 3i, Semperion, Henderson, and Saltaire. Innisfree has also been included in this group as, although the company is registered in the UK, its principal shareholder is Guernsey-based. Barclays is by far the largest individual corporate shareholder, has been given its own entry, and also the classification “worldwide”.

Overall, what is absolutely clear from the table is that PFI ownership in Scotland is dominated by companies which are located off-shore in the Channel Islands or are foreign based. Just over one quarter of schemes by value is located in the UK.

The dynamism of the market. As illustrated in the example given earlier, it is common for equity stakes in PFI

companies to change hands. But the secondary PFI market is dynamic in another sense as well: the return on the sale of equity to the original owner can be very large. For example, in 2008, Kier sold its 50 per cent stake in Hairmyres

hospital PFI to the other shareholder, Innisfree, for £13.8 million. Its original investment in the project in 1998 was an equity injection of £50 and a subordinate loan of £4.2 million, (part of which had been repaid). This gain was after Kier had made an £8.1 million refinancing gain on Hairmyres in 2004. According to Kier, in total, this represented “a return of around five times our original investment”.

So what are the implications of all of this? The original proponents of PFI were very keen that a healthy secondary market in PFI equity should develop. The idea was that this would reduce the cost of PFI capital, and increase the attractiveness of investing in PFI to people like construction companies, who would want to extract their capital early on for use in other projects. These advantages should not be dismissed.

On the other hand, the features of the PFI secondary market which we have actually observed indicate that there are some very real potential drawbacks. These include:

- *Excessive scale of returns.* If the construction phase of a PFI project

has been successfully completed within the original budget, then the allowance for the construction risk built into the original contract would be available to inflate the price in an equity sale. Both the National Audit Office (NAO, 2012) and a House of Commons Select Committee inquiry (Public Accounts Committee, 2012) examined the profits being taken in the secondary PFI market. Both enquiries concluded that there was some evidence of excess profits, over and above the return to equity owners from successfully bearing construction risk. For example, the Public Accounts Committee found that: “There is evidence from the amounts being realised by investors selling shares in PFI projects of excess profits being built into the initial pricing of contracts.” Research which we ourselves have undertaken also clearly points to excess profits in a number of PFI deals.

- *No benefit to public sector from equity sales.* When profit is taken out of a PFI scheme by means of an equity sale, then none of this comes to the public sector. This contrasts with the situation when profits are taken out through re-financing.
- *Location of PFI owners in tax havens implies significant loss to public sector.* PFI companies operate in the UK and the SPVs which run them are subject to UK corporation tax. In a large number of cases, as seen from table above, the ultimate shareholders in the SPVs tend to be based outside of the UK. Those based in the Channel Islands have no further taxes, such as income tax, stamp duty or capital gains tax to pay. Even those based in other tax jurisdictions where they do have to pay taxes will not be contributing to the revenues of the UK Treasury. There is a potential for further loss to the UK Exchequer if the SPV owners engage in transfer pricing, so that profits generated in the UK are actually booked as occurring in low tax jurisdictions elsewhere. It would be surprising if this were not happening given the wide

occurrence of transfer pricing in multinational business.

- *The public sector has no control over who owns PFI companies when equity stakes are sold.* As we have seen, public sector bodies commonly carry out extensive checks on the initial PFI consortium members in order to make sure of their reliability, and in order to check that they have sufficient financial resources to meet their obligations. However, the public sector effectively has no control over who subsequent PFI owners might be. Allowing a free secondary market in shares of PFI companies without carrying out similar checks on social commitment, competence and financial robustness makes a mockery of much of the earlier pre-contract scrutiny.
- *Bundling of safe PFI projects with riskier projects increases risk to the public sector.* To give an example, 3i Infrastructure, which owns 1.77 per cent of the PFI market in Scotland, in part through a portfolio called Elgin, wrote “Exposure to social infrastructure (UK PFI) is helpful in

providing the Company’s portfolio with lower risk, index-linked cash flows, which are counterweights to some of 3i Infrastructure’s higher risk investments, for example those in the 3i India Infrastructure Fund. The Elgin portfolio is fully operational, and is delivering a robust yield.” This example illustrates how PFI projects are liable to end up as the low risk components in a mixed risk portfolio of projects. If some of the higher risk components in such a portfolio then experience problems, this could well lead the investment company to seek to extract every last drop of potential profit from the PFI scheme, leaving the public sector exposed to increased risk of the project under-performing or even failing.

- *Increasingly heavy gearing of some PFI companies.* The ‘gearing’ of a company is the percentage of the capital invested which is represented by debt. It can now be seen that more and more secondary market purchases of PFI projects are debt financed. So, for example, when

Barclays Integrated Infrastructure Fund (BIIF) bought out all non-Barclays investors in its sister fund, Infrastructure Investors (II), for £558.6 million, the transaction was funded in part by a £346 million acquisition debt facility provided by a banking group comprised of Calyon, Lloyds TSB, Nationwide and RBS. The effect of such debt financed secondary market sales is therefore to increase the amount of market debt which the SPV ultimately has to service: in other words, the effect amounts to increasing the SPV’s market debt gearing. This is likely to increase the risk of collapse if the SPV

suffers a setback. Again, this increases the risk being born by the public sector.

This exercise has shown that there are indeed legitimate concerns about the way PFI companies in Scotland are owned, and about how the secondary market in PFI equity operates. There is a real need for improvements to be made. In particular, we would urge that:

- There should be much greater openness about who owns PFI companies, including their ultimate controlling ownership. Ownership details should be available without going through the kind of laborious exercise which had to be undertaken for the present study. The Treasury should be put under pressure to do this job properly, maintaining a record which is accurate, up to date, and which goes beyond company name to reveal controlling ownership.
- Future PFI or similar contracts should embody conditions which give the public sector adequate control over equity sales and subsequent ownership of PFI projects. In particular, the public sector should have a right to share in profits realised on sale of equity: they should be able to veto equity sales which place extra burdens of debt and risk on the PFI project: similarly, there should be a veto on equity sales to companies (or their parents) registered in tax havens.
- As our study indicates, only two Scottish companies have benefited from the Scottish PFI market in the sense that they have been able to grow into significant players with substantial PFI equity holdings. And in fact there is evidence to suggest that the more usual situation is that the PFI market has increased concentration among construction and facilities management companies, to the detriment of Scottish companies. There is an urgent need to investigate the effect of PFI and the NPD model on Scottish companies: and to take remedial action where it is called for. The PFI/NPD model may not be something that is generally liked: but as long as it exists, we should at least be making sure that it is the Scottish economy that benefits as much as possible.

Margaret and Jim Cuthbert are independent economists

ASLEF CALLS FOR AN INTEGRATED, PUBLICLY OWNED, ACCOUNTABLE RAILWAY FOR SCOTLAND

(which used to be the SNP’s position – before they became the government!)



Mick Whelan
General Secretary

Alan Donnelly
President

Kevin Lindsay
Scottish Officer

ASLEF the train drivers union - www.aslef.org.uk

A Solid Foundation

In the year since the Jimmy Reid Foundation started it has established itself on the Scottish political scene - but we need your help, explains Robin McAlpine

At the end of 2012 the Jimmy Reid Foundation published its fourth major report. There are three things about the launch of that report which seem to me to be important and to demonstrate just what the Foundation has added to Scottish politics.

The first thing the launch of the report showed was the extent to which the Foundation has established itself in the political consciousness. In its coverage of the report the *Herald* headline it simply explained that the Foundation was fighting back in the universalism debate. What was so interesting about this was that only about nine months since we launched our first report, a national newspaper assumed that enough people know who we are not to have to explain. In straightforward PR and marketing terms, it is quite an achievement to gain that level of recognition in that timescale with the Foundation's meagre resources.

This matters. One of the factors which has made life that much easier for those pushing a neoliberal agenda in Scotland is the lack of enough recognisable organisations to challenge them. Plenty of people were doing work but far too few were seen on our TV screens or in our newspapers. The way the Foundation operates we are able to put forward people for the media and rapidly to create pieces of work relevant to current agendas.

The second thing we seem to have achieved is a bank of credibility. At the first meeting of our Board one of the Board Members said simply "we're a left-wing think tank so we need to be twice as careful, twice as sure of our numbers, twice as certain we've got it right than a right-wing think tank". This is simply because the right-of-centre media has a track record of protecting the credibility of organisations which by rights should have none (the Taxpayers Alliance) while tearing away at the credibility of others (the SSP has routinely been dismissed as 'far left' since its inception).

So far, while we have had plenty of commentary disagreeing with our arguments, no-one has sought to imply that we lack credibility or serious content to our work. No wonder - the

universalism report has 50 individual references in a 16 page report.

This really matters. Left politics has been harmed deeply by more than a decade of claims that we were all about opposition and had no ideas. If we are to have a chance of transforming Scotland we need to have the authority to put forward ideas that are taken seriously. The Foundation is helping to achieve this.

Finally, the universalism report shows another important role the Foundation fulfils; it provides a focus where there might not have been one before. It is hardly an overstatement to point out that the mainstream political parties have largely signed up to the neoliberal (or at least small-c conservative) vision of Scotland. There are exceptions, particularly the extent to which privatisation has been resisted. But these parties are not providing a focal point for opposition to rampant business interests.

Other organisations have contributed to the fight but almost all of them have a limited scope for political action, either because of their constitutional position, funding or areas of interest. This has left the smaller political parties to cover an enormous brief with few resources.

Of course, this does not mean that Scotland has not fought back against these agendas, but the impact has been variable. So, for example, the anti-war and anti-nuclear movements have been strong and effective. But around which other organisation could a rapid fight-back against the anti-universalism campaign be coordinated?

Giving people a focal point for pushing ideas into the mainstream debate was one of the main purposes of the Foundation; with that we are certainly having some luck.

Visibility, credibility and focus; three of the aim of the Foundation when it was launched and three outcomes where we have made real progress. But despite what many people think, year one is easy - novelty, enthusiasm and the scope of a blank canvas make up for the efforts needed to establish yourself. It is now essential that we maintain this momentum.

What does that require? It will take two things. The first - an enthusiastic range of partners who want to work with and for us to produce really good material and make the most of it - we have no problem with. In fact, calls on the Foundation to do pieces of work and people who'd like to be involved are so encouraging that if we were three times as big we still couldn't meet them all.

It is, of course, the second thing that matters; money. The Foundation manages with one person working full time and the good will of many others. Managing to keep one person full time, even on very low wage, is a struggle. The Foundation has never had more than three months of financial security since it launched its fundraising campaign in August 2011. This is hardly surprising - our largest donation to date has been £2,000, which is barely enough to fund us for a month.

We always wanted to be a self-sufficient organisation, not reliant on large donations from big organisations and therefore not facing conflicts of interest. That goal is more urgent than ever. We recently launched our 'Sustaining Member' programme. The Foundation has over 1,000 Members, with those giving a small, regular donation of £5 or more being Sustaining Members. To be sustainable we need to reach at least 500 people giving £5 a month.

It would be great if we could concentrate only on policy and campaigning; no-one likes pestering for donations any more than you like being pestered. But without the funding we will not be able to maintain our visibility, our credibility or the focus we believe we are offering.

Please consider becoming a Sustaining Member. You can do this on our website either by credit card, through a PayPal account or by Standing Order. Just go to www.reidfoundation.org and click 'Join'. We know you've probably been asked; we know you may well mean to get round to it. Now would be a great time to do it... ■

Robin McAlpine is the Director of the Jimmy Reid Foundation

After RIC

I share the general agreement among most people who attended the Radical Independence Conference (RIC) that it was a very impressive event, both in terms of size and in the range and quality of the discussion. What was perhaps most exciting was the sense of an emerging new left which – on the evidence of contributions from the floor – is in many respects more radical than many speakers on the panels. It is always possible to point out areas of weakness, particularly in the relative lack of trade union input (on which more below); but these can be rectified and it would be the worst kind of sectarianism to focus on these aspects rather than the achievement represented by the conference.

RIC demonstrated the possibility for socialist support for independence. There is nothing to be gained, however, from pretending that this position is currently anything but a minority one within the Scottish working class. If RIC is to be more than a one-off event then it will have to develop into a movement, mobilising existing support and seeking to extend and deepen it within Scottish society. Working-class people are currently faced with a savage UK austerity programme, in which the SNP government has in practice been complicit. To persuade people under this level of attack to treat independence as anything other than a diversion from their daily struggle for survival will require something other than lofty but abstract declarations about the self-determination or the virtues of republican government. (Especially since we note that one republic, close by, allows women to die for want of an abortion, while another, more distant, shoots down striking mineworkers; and both Ireland and South Africa had considerably more radical national movements than Scotland.)

Part of the difficulty here is that there are no guarantees that independence *would* necessarily improve the conditions of the 99 per cent. The only thing which would inevitably occur is a crisis for the Rest of the UK in relation to its position within the imperialist state system, which is obviously something that socialists should welcome. Other than that – as I said on the democracy panel at RIC

– independence represents a space of possibility, but one which could be filled with a continuation either of the neoliberal project or the beginning of a break to the left. (Although even here we have to stress ‘beginning’ – socialism in one country is no more plausible in Scotland than it was in Russia.)

Working alongside Yes Scotland and existing pro-independence groups where possible is obviously necessary. But one distinct way forward for RIC

might therefore be to draw up objectives which Yes Scotland will not touch – removal of Trident, repeal of the anti-trade union laws, abolition of student fees for non-Scots; the list will suggest itself – which we want to see achieved by independence but, crucially, *which we fight for now as part of the campaign*. Participation in the Scrap Trident Weekend of action (13-15 April) is an opportunity to do so. Fighting for the kind of independence we want has two advantages. First, within the unions it would undercut the currently influential arguments of a trade union bureaucracy which is fixated on further devolution as a means of preserving their UK-wide structures (and those of the Labour Party). Second, it would mean that there was an agreed set of issues which local groups aligning themselves to RIC could sign up to. The key is to treat the struggle for independence not as an alternative to the struggle against neoliberal austerity and Western imperialism, but as *part of it*. ■

Neil Davidson teaches sociology at the University of Strathclyde and is on the Socialist Workers Party's Scottish Steering Committee. His most recent book is *How Revolutionary Were the Bourgeois Revolutions?*

There is nothing to be gained from pretending that support for independence is currently anything but a minority position within the Scottish working class

The majority of Westminster Tory cuts are still to be truly felt. But from this year onwards it'll all become a lot more real and immediate as people start to be unable to pay their rent, are forced to sign on while they're working to receive Universal Credit, and we see the poor being made internal refugees within the UK as they are forced to migrate from the south of England to cheaper areas of the country.

There's nothing automatic that says a situation where people are being hammered economically means they will turn to resistance. It's just as possible folk will want to keep their head down and try and survive. For anything good to come out of it requires a collective response.

That's why over the next two years the independence debate must hear the voices of Scots on low and middle incomes being devastated by the cuts to benefits. And independence activists must be prominent now in addressing these issues – telling people threatened with workfare how to avoid it, or spreading the word on Black Triangle's campaign to get exemption from work capability assessments for example.

That means being present in communities, speaking to people in their own terms and addressing the issues that are current in their life now. It means that independence can be won through organising our communities, and that it's only if people see a link with what's happening right now that they will vote for it. Local groups should be about doing politics where you live, making small gains that make you and your neighbours feel like collective action gets results. If independence is won through organising our communities, the majority of Scots will then be well placed to win concessions that lead to better, longer happier lives from the new state.

The debate about welfare and unemployment conducted at Westminster treats paid employment

Nearly a thousand people turned up for the Radical Independence Conference and enthusiasm was high. But can it go beyond a one-off event to become a sustainable movement?

as the greatest virtue in life to be pursued against anything else, and the unemployed as people with a moral defect. Organising against that means we challenge the idea that employment for a wage is the only valid way of making a contribution to society.

RIC can explore real alternatives to austerity and failing attempts to capture economic growth through socially harmful and useless activities. How instead can we get people free to do work they would want to do that would help the community? And if there are ways to make that possible, like making use of common good resources, locally producing food or energy or people occupying and taking control of resources themselves, what's to stop us doing that now as a prefigurative example of how we would push an independent Scotland in a truly radical direction?

To do this we must radically democratise Scottish society through and beyond independence. One thing that can distinctively mark us out from the SNP's agenda is that they have been Scottish centralists. In contrast, at RIC we heard about the potential of participatory budgets and direct democracy. We should argue that independence should mean real democracy, with communities holding real power over their own destiny. Scotland for too long has been a place blighted by hierarchical patronage and autocratic decision making. If we're going to stand a chance of living well through climate change and capitalism entering its senile phase, a lot depends on the next two years! ■

Jack Ferguson is the former organiser of Scottish Socialist Youth, and currently works as a community organiser with Unite the Union. He is writing in a personal capacity.

When Scots speak of Scotland, she is defined as feminine and her land is shown respect. From Burns' muse Coila to the iconic familiarity of her proud description as 'Bonnie', Scotland is described and embodied by her landscapes whilst escaping the imperial and patriarchal pitfalls of being called 'motherland' or 'fatherland.'

The RIC brought together the warp and weft of the independence movement,

in a loosely woven form, to find common threads for a future Scotland which can unfrankle the abuse of unionism (e.g. Trident) and weave a civic society and a nation state in which we are actors within an evolving new constitutional script and no longer subjects in an imperial, dying fantasy. No wonder Scotland has produced the analyst of psychological knots, R. D. Laing and the schizoid characters of Dr. Jekyll and Mr. Hyde of Robert Louis Stevenson when the message of unionism is that you will be punished if you do not collude in your own inferiority and dependence. This game is up.

The extent to which the radical independence movement fully involves and listens to women will determine its future success. Women have experience of leaving abusive relationships; their expertise on violence, war and all matters domestic and economic is vital to the future wellbeing of Scotland. The common causes of self-determination, poverty, social justice, land reform and nuclear disarmament held folk together in a new narrative of possibilities, acknowledging differences and alternatives and outlining areas for new thinking and learning.

When your country has no power to look after itself the way it wishes, then the rage at this external locus of control, anger at the inferiorist discourse projected onto Scotland, the lack of control we have over her batterings from nuclear armed bullies (depleted uranium fired at her shores, nuclear weapons convoys) could too easily result in the reproduction of patriarchal forms of discourse and dogmatic political structures. Rigid defences lead both to nuclear bombs and ideological 'shouty shouty' folk infantilised by powerlessness who then oppress others. The independence movement is organic and has already moved beyond this in its diversity and strategies for engagement.

Scotland's women, the Women

for Independence group and the peace movement in Scotland can play a significant part and contribution to a mature, nonviolent approach to direct action, democratic enquiry and peaceful nation building for a future independent Scotland.

The energy in unionism is inherently toxic and inert. In psychology, Gregory Bateson's term of 'the double bind' is useful to understand this impossible contradiction (you are strong in a union/you are too wee and poor in the union to survive). Unionist discourse and fear tactics will inevitably develop more punishing threats and reveal more absurd cognitive dissonances between Scotland and Westminster that an implosion on the faultline between Lanarkshire and London seems inevitable.

The psychological energy of the independence movement is healthy, transformative, unfolding and diverse, affirms self-confidence and nurtures imaginative hope. The convergence

Rigid defences lead both to nuclear bombs and ideological 'shouty shouty' folk infantilised by powerlessness who then oppress others.

of the wisdom and civic experience of the peace movement from Scottish CND to Trident Ploughshares, the continuing contribution of women in the independence conversation which will broaden and deepen connections with place, and the creative development of many groups and offshoots of the Yes

campaign already, will ensure that the independence movement is healthy, robust, sustainable, renewing and enduring. The moment is now and we are here. ■

Lorna J. Waite is a writer and researcher, Gaelic learner, peace activist and member of the Women for Independence group

In 'The Meaning of Sarkozy', the French philosopher Alain Badiou argues that Sarkozy's victory represented the rise of fear at the ballot box: fear of immigrants, fear of trade-unionists, fear of the Burka, fear of the youths in the Paris banlieues,

fear of anything that wasn't the 'French Way' represented by the establishment and its elite. In practise, appeals to Frenchness were implicitly Anglo-American; Sarkozy lavished praise on the free-market credentials of the UK as a stick to beat those 'out-dated' French commitments such as a pension at sixty and rights for young people at work.

What of the official opposition to Sarkozy? Badiou described Ségolène Royale and the Socialist Party as no more than 'fear of fear': the worst vestiges of the Right's attack on the welfare state should be opposed, whilst the overall neoliberal architecture should be defended. Royale offered a softer free-market capitalism, one with the rough edges taken off. But in a choice between fear and the fear

of fear, voters plunged for the real deal: Sarkozy at least appeared committed to right-wing values, whereas Royale looked ambiguous and opportunist.

With this in mind, the meaning of the 2014 independence referendum is currently shaping up in a remarkably similar

way: fear versus the fear of fear. The No camp's attitude is that a scare story a day keeps independence away. Frighten people into the belief that meltdown will ensue if Scotland becomes independent and they will be convinced to stick with what they've got, which is very little indeed (this I will return to).

The SNP is countering by saying that the No camp are lying, very little will change, in fact the only thing that will change is that we will make sure the things you really like, like the NHS, will not be taken away by the right like it is at Westminster. Systemic breaks with the status quo have been eliminated, such is the reasoning for the SNP's controversial switch to support for NATO. The idea is to show that Scotland would be part of the overall global furniture, just a nice 'positive' part of it. The 'fear of fear' indeed.

But the meaning of 2014 is not yet written in stone. The Radical Independence Conference in November

has created the potential for a third meaning which could overcome the narrative of fear versus the fear of fear: the idea that 'Another Scotland is possible'. This takes its spirit from the anti-capitalist movement and necessarily contains within it the idea of *systemic* rupture with the status quo through a change in statehood. The narrative is easy to see and it gives the left a chance to catch up the ground it's lost around the economic crisis.

What is this viable Left narrative that we can stand on a soapbox in Buchanan Street and appeal to the Scottish people with? To begin with it sounds much like a typical left critique of the Tories, something like this: 'The bankers caused the crisis yet the answer of our politicians in Westminster was to prop them up

with taxpayers money to the tune of billions of pounds. Those same politicians then had the nerve to ask us to pay back this money by cutting our jobs, slashing our wages and taking away our schools and hospitals. They told us that by making this sacrifice we would be rewarded by a boom in

the economy, that corporations would start investing again and the 'trickle down' effect would bring us all back to prosperity. In reality all it has done is made the crisis worse, made the majority of us poorer whilst making the rich richer. It's Thatcher 2.0: class war by the rich against the rest of us.'

But what motivates the critique, what gives it energy, is that independence can appear as a credible avenue for the alternative: 'Scottish independence is a chance to break with Westminster, break with the bankers in the City of London, break with Thatcher's party of the rich. The No campaign tell you that we're Better Together: are we really better together with David Cameron as our Prime Minister? Are we really Better Together when energy companies make billions of pounds of profit whilst pensioners freeze to death because they can't afford the heating bills? Are we really Better Together when our economy is based entirely around the City of

London and the banking sector whilst we are still suffering from Thatcher's deindustrialisation in Scotland? Another Scotland is possible, one that empowers us to fight for a people's Scotland. Independence isn't a magic wand that will solve all our problems overnight, but it gives us a fighting chance to solve them. Westminster has been failing us for decades, why would we keep putting our hopes in a political system that has done so little address the concerns of ordinary people in Scotland and so much to address every need and desire of their financial backers in the City? Vote Yes because it gives us a chance for real social change, not just tinkering around the edges, a change in the system that we are governed by so that we have a Scotland that represents the values we believe in: equality, respect, welfare, justice, real democracy and rights at work.'

This is the sort of message that the RIC has to get out to every town and City in Scotland. Some will no doubt be muttering to themselves that I am completely naïve to believe that those sorts of systemic changes can be achieved through independence. To be honest they are formally correct, it is a naïve narrative, but naivety is needed to challenge the narrative of 'fear versus the fear of fear'. The left's role until October 2014 should be to invoke a sense of hope; the last thing the consciousness of Scottish people needs is a thorough-going critique of the limits of independence and the enduring power of capitalist ideology and the capitalist state. There will be plenty of time for sobriety post-independence. For now, that will motivate no one. It won't change the meaning of 2014 one iota.

RIC can make 2014 mean a rupture with the status quo if we get to work: we have to do it through every avenue we can: through media stunts, through community meetings, through YouTube videos, through the three days of action against Trident in April, through debates on university campuses, through open top buses with banners and megaphones, through voter registration drives in deprived communities – anywhere where we can get people to listen to a radical pro-Yes message. The conference brought together the sort of coalition that can make this happen; now we have to prove we are worth our salt. ■

Ben Wray is a member of the International Socialist Group - www.international-socialist.org.uk

Reviews

GMB@Work - the story behind the union

John Callow (2012), Evans
Mitche Books

G*MB@work* – the story behind the union is without doubt the greatest popular history of any union to be written in quite a while. The scale of the effort and resources put into producing this history of the GMB union since its inception is immediately obvious. It is a very weighty tome – literally – and takes almost an A4 format on a side on style. At over 400 pages, it looks like the kind of coffee table book that you'd never think existed – a glossy one crammed with photographs and colour that isn't about modern architecture or botanical art.

What's more, it's available to GMB members at the cost of £10 (or £25 to non-members) showing how much the union has invested in it in order to make it accessible in style and price to those that value the GMB most. Indeed, the postage of the book would probably cost £5 alone.

Written by John Callow of the Marx Memorial Library (who wrote a similarly engaging history of the short-live Amicus union), the GMB story starts in 1889 as the National Union of Gasworkers and General Labourers in the era of 'new unionism'.

This prefix 'new' really did mean new as this was the first great surge of unionism for semi- and unskilled workers. In doing so, the sense of the labour movement being a movement for the whole of the working class (rather than the craft-based minority known as the 'aristocracy of labour') had begun.

Gasworkers in London established the union at the Beckton gas works on March 31 1889 by Will Thorne. Thorne signed up 800 men on that first day, promising that, if they stood firm without wavering, they would win within six months the eight-hour day and a six-day week.

In ensuing months, the union spread, with the Battle on the Bridge taking place in Leeds the next year after troops and police tried to prevent union members from making their displeasure clear to scabs doing their jobs while they

were on strike. The strikers were driven off the streets by cavalry but took up rooftop positions to pelt their enemies with bricks and stones.

The forces of ruling class 'law and order' were maintained but not without the scabs deciding that this strikebreaking wasn't worth this amount of bother. They left and the nascent union declared victory.

Such an event in Leeds gives a flavour of the hardships that unskilled, poverty-stricken, often illiterate workers were prepared to suffer to establish their union. The TUC was initially unhelpful to the new unions and the gasworkers' union was helped by the Social-Democratic Federation, especially by Karl Marx's daughter, Eleanor, who taught Thorne to read and write.

Although the GMB did not subsequently become known as a bare knuckle union, there have been points when it has stepped up to the plate over battles over union recognition like Grunwick in the 1970s.

The story is then told through a series of chapters that bring to life many of the key characteristics of the union as it developed. For example, the Grunwick strike is illustrated by making Jayaben Desai, the Asian woman who led the action.

Although commissioned by the current leadership, it was not known at that time that Paul Kenny would shortly thereafter declare that he would not seek a further term of office as general secretary. The book then serves as something of a tribute to his leadership in being able to bring the GMB union back from the precipice of being a federation of regional unions that was about to walk off its own fiscal cliff. In doing so, the book is remarkably frank and open about the problems and how they were dealt with. For an officially commissioned history, this sets a good precedent. ■

Copies can be bought by sending a cheque payable to 'GMB' to Helen Heath, GMB, 22-24 Worpole Road, London SW19 4DD.

■ Gregor Gall

Arguing for Independence: Evidence, Risks and the Wicked Issues,

Stephen Maxwell (2012), Luath
Press, ISBN 978-1908373335,
£9.99

Just before we embark on another year of slapstick-level debate on constitutional issues, Stephen Maxwell's book, written just before his sadly premature death, is a timely reminder of what civilised political discussion should be. While Stephen was a very committed independence supporter, he never dodged serious engagement with opposing arguments and never resorted to easy caricatures of opposing positions. He liked to take on what he saw as the strongest points the other side could produce. So in *Arguing for Independence* you can be guaranteed a well-informed, carefully considered assessment of the evidence but always guided by principle.

The book is divided into the democratic, the economic, the social, the international, the cultural and the environmental case for independence. Given the central role of the economic arguments in the current debate, the economic section is the longest and many will find it the most useful, although Stephen was not an economist. It has the advantage of a personal forty year perspective on economic developments in Scotland and for many of us, the current arguments from the No side are very familiar from the 1970s.

Stephen develops a valuable analysis of the issues which arose in relation to the banking crisis:

"Scotland's recent over-reliance on banking can reasonably be attributed to an historic UK policy bias in favour of the City of London, reinforced by Mrs Thatcher's Big Bang reforms of 1986 and compounded by the failure of the UK's regulatory system. It's a perverse logic which presents the Scottish consequences of these compounded UK errors as reasons for Scots to hang on to the Union rather than to discard it." (p89)

"Despite the scale and European profile of Scotland's financial sector before the credit crunch, Scotland had little expertise, either within Government

or outside it, to draw on in anticipating the crisis or in developing its response. Scotland has had no formal voice in UK financial regulation – no representation on the Board of the Bank of England, the Monetary Policy Committee or the Financial Services Authority – and no dedicated supervisory agency of its own... Scotland might have benefited ... from the experience of prudential banking regulation accumulated by the core Nordic countries.” (p63)

The comparative perspective of Nordic experience runs through much of the book's analysis but never unrealistically or uncritically. Stephen discusses the different historical experiences that resulted in the independence of the Nordic countries, the institutional and economic policies that transformed them and the variations in their responses to more recent economic changes. Despite the problems they have faced, he poses the challenge:

“Would Norway have been a more prosperous country today if it had remained under the rule of Sweden? Would Finland have done better to remain a Grand Duchy under Russian rule? Would Denmark have prospered more if it had joined Bismarck's Germany in 1864? Even taking their current

economic problems into account, would Ireland have done better overall in the 20th century if it had reconciled itself to British rule or Iceland if it had integrated with Denmark? The only answer that sits comfortably with the historical evidence is: Very unlikely.” (p75)

But the social case for independence is one he sees as more challenging: “Currently there is a wide gulf between Scotland's default social democracy and the policies needed to make serious inroads on Scotland's social problems. The missing policy package would need to include a further substantial redistribution of income from the top two or three income deciles to the bottom two or three through the tax and benefit system: higher taxes on capital wealth; increased support to improve the health and education of the most disadvantaged communities and households; new ways of ensuring that children from the poorest homes access the full range of further and higher education; a large increase in early years' prevention work and the introduction of a Living Wage to combat 'in work' poverty.” (p107)

To achieve these changes he looks to “the potential for constructing a wider progressive alliance led by civil society as a counterweight to the influence

of the business community and some sections of the middle class” (p109). He sees this as possible but not certain but many of the individuals and groups who might create this alliance are there, have existing networks and would have new opportunities with the wider economic powers of independence.

Having been involved in the SNP oil campaign of the 1970s, Stephen has much to say about oil, both the huge wasted opportunity that Scotland could have grasped thirty years ago and the continued potential for contemporary Scotland. The wasted opportunity that “left Mrs Thatcher to enjoy the benefits of £160 billion of oil revenues undisturbed by any concerted challenge from Scotland's majority Labour MPs, many representing constituencies being devastated by her Government's policies” (p60) and the risk “that the remaining 40 per cent of Scotland's oil wealth will follow the 60 per cent that has already been creamed off” (p179), leaving Scotland open to a real reduction in income with a revised Barnett formula if there is a No vote.

This book is a good way to start the new political year. ■

■ *Isobel Lindsay*



Say NO to ConDem cuts
For all public transport in public hands
For offshore safety
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Bob Crow, General Secretary Alex Gordon, President

Kick Up The Tabloids

RUTH DAVIDSON: "FEWER NURSES, MORE ORGANISED CRIME"

If you visit our capital city, you will find that its streets are no longer run solely by the City Council, but also by 'Essential Edinburgh'. A bit of an oxymoron, obviously, but what exactly is Essential Edinburgh? It is a semi-privatised quango, set up to make the capital more appealing to tourists. Much like Kirkcaldy 4 All in Kirkcaldy, but with obviously less work to do in the tourist-attracting part of the brief. Effectively, it is privatisation of our streets. Well, it would be, were Edinburgh still to have any streets. For streets read "large holes in the ground surrounded by fences".

However, throughout Scotland and the rest of the UK, privatisation of our cities has reached such an extent that I was surprised that, on my last visit to London, the whole city did not resemble an enormous Monopoly board. I'm sure the only thing stopping that happening would be the need to give everyone £200 when they passed "Go".

Obviously, no-one would front up that kind of money, because privatisation is the other side of the coin from cuts. However, these cuts do not go far enough for some people. They do not go far enough even for Scottish Labour. Johann Lamont has frequently been accused of stealing the Tories clothes. Which is unfair, because the last time I saw a picture of her, it looked to me like Johann Lamont had stolen Susan Boyle's clothes.

Whatever, Labour has now moved so far to the right on the public spending debate that the Conservatives have nowhere to go. Which leaves us with the ludicrous situation of Ruth Davidson going around inventing "statistics". Hence the Scottish Tory leader's recent assertion, at the end of last year, that only one per cent of Scots have ever at any time worked in the private sector.

Let us put to one side for a moment the fact that Ms Davidson herself, as an MSP, is employed in the public sector. Indeed, before entering parliament, she was employed by the BBC, again in

the public sector. In fact, despite being such a huge fan of the private sector, there is very little evidence that she has ever worked in it. However, she may inadvertently hit on a way to cut back on public spending. Making all Tory MSP's redundant, for example, would save the taxpayer millions a year, with no visible effect on the democracy of Scotland.

Let us rather focus on Ruth Davidson's description of public-funded Scotland as a "Gangster State". This seemed to me to be a somewhat skewed analogy. My knowledge of gangsters and their practices is somewhat limited. Nonetheless, one thing I do know is that 100 per cent of gangsters work in the private sector. Say what you like about Al Capone, The Kray Brothers and Fat Boy Thompson, they were all enthusiastic supporters of the free market. Indeed, when questioned, most of them would have said they did not consider the market to be free enough.

Furthermore, even in moments in history where the state has intervened to a large extent in the economy, gangsters have tended to stay in the private sector. Many on the left fondly recall the great landslide Labour victory in the 1945 General Election, in the wake of which coal, steel and the railways were brought under public ownership, and the NHS was formed. However, to the best of my knowledge, Clement Attlee never once considered nationalising organised crime. The public just would never have bought the idea of their local spiv getting bogged in all that state bureaucracy, paperwork and red tape.

It can, however, work the other way round. Look at the former Soviet Union, for example. Where once all industry was state-controlled, the entire country is now run by organised crime. Indeed, it's proved so successful,

they've now started exporting their gangsters to other countries around the Globe, to run key industries such as English Premier League football clubs.

However, the most ridiculous proposal for rolling back the influence of the State has to be the Coalition's recent idea for hiving-off Rehabilitation of Offenders to the private sector. Companies will be able to bid to "mentor" ex-offenders leaving prison but will only be paid if the ex-cons in question do not re-offend. This will be offered out to charities and private companies.

Now, ask yourself this. Who, if there is a profit motive involved, will be more effective in ensuring their "clients" do not stray from the straight-and-narrow? A church-based charity or a Paul Ferris? Let's face it, after a five-stretch in the Bar-L, you'd probably like to keep your kneecaps.

Privatisation? It's only just started! ■

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