

# THE PEOPLE'S RECOVERY:

A DIFFERENT TRACK FOR  
SCOTLAND'S ECONOMY



# INTRODUCTION

We are facing the biggest economic crisis in living memory. The immediate cause may have been Covid-19, but the virus drew its strength from a generation of injustices. Coronavirus may not technically discriminate on the lines of class – but its effects are clearly exacerbated by imbalances of income, wealth and power.

When trade unionists speak of recovery, we do not mean reverting to life in 2019. We mean recovering, for working class people, the income, wealth and sense of collective purpose stolen from them by decades of political bias towards the rich and powerful. This is where we take issue with the responses to this emergency led by Benny Higgins and the Scottish Government. For all the welcome rhetoric of government intervention, we must also abolish the built-up conditions that made this crisis so virulent in the first place.

Mass privatisations, short-term investment and the dominance of multinationals placed workers in a position of weakness exacerbated by attacks on trade union freedom. This has led to the growth of precarious work through bogus self-employment, zero hours contracts and unwanted part-time working. Nearly fifty years after the Equal Pay Act, the gender pay gap remains while workplace injustice is a daily fact for BME and disabled workers, and both groups have suffered disproportionately from the coronavirus crisis.

Alongside this, we have lost the power to guarantee basic rights such as good quality affordable housing, a living income for the sick or unemployed, and a dignified care system for young and old alike. This has led to a situation where Scotland's two richest families now have as much wealth as the poorest 20% of the population, while Scotland's richest twenty families are wealthier than the bottom 30% of the population combined.<sup>1</sup>

The private sector has shown itself woefully inadequate to meet the challenge of the crisis and there is no prospect of a green recovery without massive public sector intervention. But this public sector intervention must come with conditions. In return for financial support, employers must provide fair work and recognise trade unions. In areas such as health, care, education, energy and housing, we need to rebuild public services and democratic public ownership. While the Scottish Government's Programme for Government offers the potential for fundamental reform in care and the introduction of a National Care Service, on topics such as rent controls, wealth taxes, public ownership, collective bargaining, and state support being conditional on fair work practices, it has little or nothing to say.

Ahead of the Scottish elections in 2021, this paper combines short-term measures to rebuild our economy with medium and longer-term measures to create a democratic and green economy and a society in which workers and their families have fair work, decent housing and a proper safety net. It calls for a fundamental rethink on the purposes of growth and the introduction of urgent measures such as a National Care Service, a green stimulus package, sectoral collective bargaining and democratic public ownership.



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# INDUSTRIAL DEMOCRACY AND FAIR WORK FOR ALL

Our working lives have been shaped by a long legacy of privatisation, asset stripping and attacks on trade union freedom. Fifty years after the Equal Pay Act, unacceptable pay gaps remain for women, BAME and disabled workers. Wealth and income inequalities accumulated since the 1980s have never been addressed. Precarious work has been normalised and encouraged by government policy. We need to make Fair Work a reality and give meaning to the ideas of Effective Voice, Opportunity, Security, Fulfilment, and Respect.

The pandemic has highlighted our economy's dependence on chronically low paid workers. There is widespread acceptance that we must overhaul the decades of injustice which have passed into our everyday working lives. The time has come to redesign our daily work around basic principles of freedom, equality and respect, especially with regard to occupations historically dominated by women and Black and minority ethnic workers.

## A DIFFERENT TRACK

With the pandemic having already radically altered work patterns, the guiding principle should be to give workers greater control of their own labour and their own data. Clear-sighted leaders should commit to a four-day week with no loss of pay, so that rising productivity enables full employment and greater leisure. We should regulate home working so that it becomes a system of greater freedom rather than one of employer control, cost-cutting and surveillance.

Central to this should be the concept of industrial democracy and a fairer distribution of the costs and benefits of work. Strategies to eliminate poverty must

address the workplace conditions that allow for low pay. This means allowing for – and indeed enforcing – the right of collective organisation and breaking with decades of anti-union legislation.

## THE PEOPLE'S RECOVERY

- // Devolve employment law, remove curbs on trade union freedom and give right of access to trade unions to all workplaces. Strengthen employment rights and make them legally enforceable from day one, in order to end precarious work in all its forms, including through zero-hours contracts, umbrella contracts and bogus self-employment.
- // Implement an immediate £2 pay rise for all key workers and raise the national minimum wage to £10 an hour.
- // Introduce sectoral collective bargaining agreements in childcare, social care, hospitality and tourism.
- // Only provide government funds – through procurement, contracting and commissioning – to employers that recognise trade unions in their workplace and apply union negotiated rates of pay. Place effective voice at the heart of corporate governance and encourage sustainable and ethical business models.
- // Establish regional and sectoral forums to provide economic information to workers, trade unions and citizens to enable them to organise workers and engage in local economic development.

A woman with long brown hair, wearing a red sweater and a yellow hard hat, is kneeling on a roof covered in solar panels. She is holding a yellow tool, possibly a screwdriver, and appears to be working on the panels. A blue hard hat is visible on the roof to her right. The background shows a clear blue sky and some greenery in the distance.

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# A GREEN RECOVERY

Unfortunately, a Just Transition to a low carbon economy remains a slogan rather than a reality. Hundreds of workers face redundancy at ADL, the Falkirk-based manufacturer of high-performance hybrid buses. Scotland's offshore jacket construction company, Bifab in Fife, and wind tower manufacturer, CS Wind in Argyll, have both been mothballed. As manufacturers of essential components of the green economy, both these companies should be thriving at the forefront of the transition, not struggling for survival.

Markets, corporate slogans and individual behaviour change are no means to achieve either social or environmental justice. While the Scottish Government has adopted the language of a Green New Deal, its approach to decarbonisation seems to be built on a £3 billion green investment portfolio which promotes 'market-ready projects' by offering 'strong commercial returns' to private capital.<sup>2</sup>

## A DIFFERENT TRACK

A just, green future can only be built on public investment, democratic ownership, and a strong domestic supply chain. A rigorous approach to just transition would begin from the fundamentals of energy and transport. STUC research shows a £13 billion green stimulus package could create 150,000 jobs in Scotland.<sup>3</sup> Sustainable transport infrastructure would involve state and municipal ownership of trains and buses, allied to a roll out of infrastructure in towns and cities to promote cycling and walking.

In energy, the path to a low-carbon economy would begin with public ownership of our key energy infrastructure. Equally, government should take the central role in rebuilding an industrial base to enable the growth of local supply chains. Finally, a nationally

owned construction firm would act as a driver for rebuilding Scotland's housing stock and for retrofitting our infrastructure.

## THE PEOPLE'S RECOVERY

/// Fund an emergency green infrastructure stimulus to support Scotland's economic recovery, including a comprehensive housing building and deep-retrofit programme to drastically reduce building emissions and tackle fuel poverty, and support public transport while usage recovers. Invest in local authority led public works programmes and apprenticeships to provide meaningful employment opportunities to support and upskill young workers in new jobs.

/// Require local content in all green energy leases and planning consents, shortening supply chains and providing manufacturing jobs in Scotland.

/// Establish a publicly owned energy company and publicly owned construction and infrastructure company to drive forward green energy development and strategic infrastructure while supporting high health quality employment.

# DEMOCRATIC PUBLIC OWNERSHIP & COMMUNITY WEALTH BUILDING

Decades of political sloganeering established the principle of private good, public bad. All evidence to the contrary was ignored, long after impartial reporting had exposed the failure of energy, transport and infrastructure privatisation. Funding for public services, particularly Local Government was increasingly eroded and undermined. However, the banking crisis of 2008 and the coronavirus crisis of 2020 have both served to illustrate a basic fact about our economy: businesses, big and small, are substantially dependent on public investment. Too often, the reality of state intervention has been bailouts for shareholders paid for by cuts to public services used by working people.

## A DIFFERENT TRACK

We know that public ownership has a positive, entrepreneurial role. High-tech, innovative products rarely emerge without massive public subsidy. The new track means addressing the gaps in accountability that have allowed privatised firms to ignore democratic norms. And it means ensuring that public ownership increases the autonomy and power of workers.

Earlier models of government intervention were biased towards a model of top-down monopolies. In the most successful recent examples, public ownership has been balanced by public control, based on principles of economic democracy and accountability to workers and communities. There have been welcome moves to public ownership in Scotland, but these remain small scale and focused on bailing out failing enterprises. A strategic, forward looking approach

to help address climate change and unemployment, would involve developing profit-making enterprises. Transport and energy, both pivotal to climate transition, must be particular targets for strategic public ownership.

To address the decline of regional town centres, and to ensure wealth does not flow out of our communities but circulates within them, we should draw on the concept of community wealth building. This would involve an expanded role for public sector investment, under the collective guidance of local communities. Fair work, progressive procurement and the socially productive use of land and property should be institutionalised. While community wealth building initiatives are gaining political support, including from the Scottish Government, the real test is whether this is accompanied by funding and support for Local Government.

## THE PEOPLE'S RECOVERY

- /// Establish a publicly owned energy company and publicly owned construction and infrastructure company to drive forward green energy development and strategic infrastructure while supporting high quality employment.
- /// Support community wealth building initiatives by providing greater powers and funding to local government to insource local services and address issues of corporate control.
- /// Create a Scotland-wide Highstreet Taskforce to regenerate towns, protect local jobs and improve shared community space.

# PUBLIC FINANCE AND INVESTMENT

For decades, we have normalised an economy model built on underinvestment. Public services have been neglected, regional economies have declined, and firms have put short-term profits over research and development. These problems existed long before 2008, but a decade of austerity made matters much worse, leaving the UK a run down and divided society.

One positive of the pandemic is that nobody now defends this failed legacy. Old fashioned limits on public spending and investment have been abandoned. On the surface, the political consensus has moved towards job guarantees, infrastructure projects and lavish support schemes for businesses.

However, these measures alone will not be enough to put our economy back to normal. To fully address decades of underinvestment, we need a thoroughgoing transformation in political norms, a full break with neoliberal ideology and structural change in taxation.

## A DIFFERENT TRACK

The burden of investment must fall on those who profited from the failed economic model. Governments can take responsibility for this by rebalancing towards progressive taxation, including a balance of wealth and income taxes. A tax rate of around 3% on the net wealth of the top 50% of UK households could offset the estimated fiscal costs of the pandemic, even allowing for falls in asset values and some tax dodging.<sup>4</sup>

We also need to consider investment in its widest sense. Large infrastructure projects, while welcome in many circumstances, will not be sufficient to address decades of decline in social

services. Government investment in addressing poverty, decline and alienation should be prioritised with the same energy as physical construction projects. Careful consideration must be given to who benefits from investment.

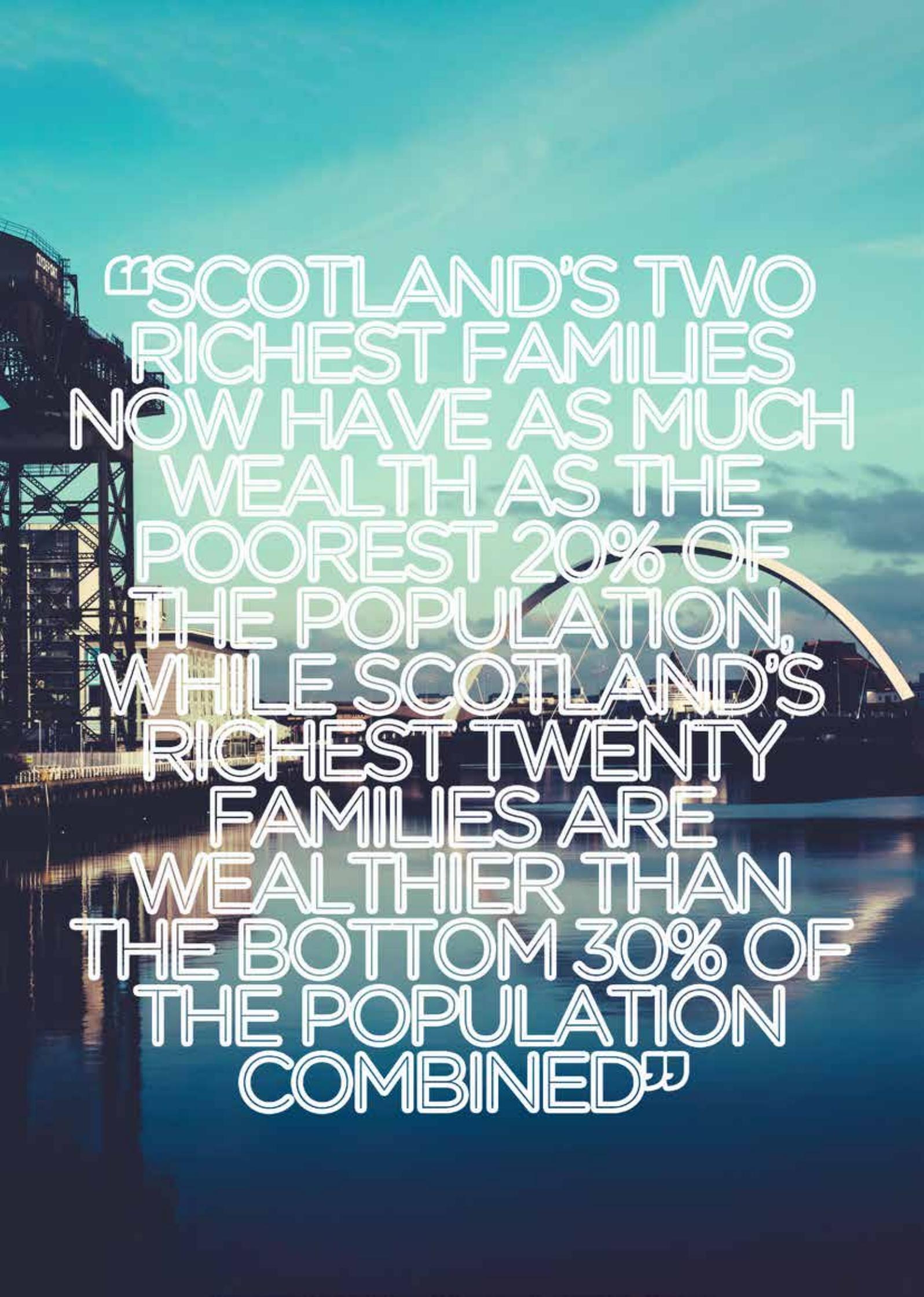
Public procurement should be repurposed from a focus on supporting markets to supporting public policy goals, particularly rebuilding Scotland's industrial profile to address the question of climate change.

## THE PEOPLE'S RECOVERY

/// Introduce wealth and progressive income taxes to address economic inequality.

/// Devolve borrowing powers to the Scottish Parliament to allow it to pursue expansionary economic policies and restructure our economy.

/// Enable the Scottish National Investment Bank to invest in a more socially just, resilient and low-carbon economy, via state holding companies and public sector companies such as Lothian Buses. Reverse the cuts in local authority funding and offer a debt amnesty for Scottish councils as part of a package of measures aimed at easing the financial crisis facing Scotland's local authorities.



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# EQUALITY FOR ALL

Coronavirus may not technically discriminate against certain groups, but its effects do. Across the UK, Black and minority ethnic people have died disproportionately. Women, who are twice as likely to be keyworkers,<sup>5</sup> have borne the brunt of workplace transmission, while facing greater domestic abuse risks in the home. One in four disabled people are facing redundancy, rising to more than one in three for those people whose disability has a substantial impact on their activities.<sup>6</sup> Young workers have been disproportionately furloughed or made redundant.<sup>7</sup> Crimes related to sexual orientation and transgender identity are rising, while transgender people are being used as a political football.

## A DIFFERENT TRACK

The ‘great lockdown’ has shown that our society depends on key workers, while our economy depends on the young and ethnically diverse workers in restaurants, bars and hotels. Unless government strategies and action plans address issues of endemic low-pay and precarious work, we will not tackle the systemic disadvantage facing groups with protected characteristics.

We need public intervention to increase pay for keyworkers, introduce a new a framework of equality and employment rights, support sectoral bargaining in sectors dominated by women and BAME workers, and enforce equal pay in the public sector.

From the Matchgirls strike of 1888, to the Ford Sewing Machinists Strike of 1968, to the Glasgow Equal Pay strike last year, the trade union movement has a proud history of challenging inequality in the labour market – and winning. Now it is time for politicians to take action to support equality for all.

## THE PEOPLE'S RECOVERY

// Devolve equality and employment law and ensure a day one right to flexible working for all workers.

// Take action to reduce the disability employment and pay gap and the race and gender pay gaps, including through introducing sectoral bargaining arrangements in sectors such as care and hospitality, where women and BAME women are over-represented. Ensure 10% of all apprenticeships go to disabled workers and ensure proportionate numbers of women and Black and minority ethnic people access job guarantee schemes.

// Rebuild equality in pay: Conduct an equal pay audit across the public sector in Scotland and resolve all outstanding equal pay claims.

# SOCIAL SECURITY AND HOUSING

The old economy was built on fear and stigmatisation. A generation of damaging welfare reforms, including Universal Credit and the bedroom tax, were forced through by governments intent on rolling back social security regardless of the costs. The sick, the unemployed and the vulnerable have been effectively criminalised and forced onto society's margins, subsisting on meagre benefits and faced with arduous and humiliating means tests.

Social housing, has been transformed, by deliberate government policy, from a normal fact of everyday life into an emergency system for isolating the extremely poor and vulnerable. Responsibilities have been passed down to private individuals and private firms. The result is a growing housing crisis that manifests not only in homelessness and exorbitant rents but also in a generation of younger people forced to live with parents into their thirties.

Now, with the pandemic, it has become entirely apparent that unemployment has structural roots in the economic system. There is growing incredulity at the costs of private housing, especially in the rental market. And there is a strong appetite for transforming the old punitive welfare model. Systems like Universal Credit were built on all the wrong presumptions about social security. They are punitive and pass the burden of responsibility onto society's most vulnerable people, at times of particular stress in their life.

## A DIFFERENT TRACK

The system requires a redesign from the bottom up. There must be a reframing of social security system from punishment to solidarity, based on a recognition that everyone, under these current circumstances, faces job and health

insecurity. There must be an acceptance that workers in certain fields - like creative industries – require security to produce high quality productions.

Job Guarantee schemes could provide workers with opportunities, but they must provide real jobs which pay the real living wage now, not in 18 months time.

The housing system, likewise, must be redesigned to correct entrenched problems. Housing shortages should be addressed with a massive programme of green social housing.

## THE PEOPLE'S RECOVERY

/// Provide a Minimum Income Guarantee for all. Raise the weekly level of statutory sick pay to £320 a week and removing the lower earnings limit, end benefit sanctions and the benefit cap, replace the Work Capability Assessment with NHS medical assessments, and end the DWP's target based culture and the outsourcing of contracts to the private sector. Enshrine in law a right to access healthy, affordable and nutritious food and properly fund public services to do this.

/// Redistribute working hours across the economy through a four-day week with no loss of pay. Provide opportunities for young people and those out of work, paid at the real living wage or union bargained rate for the job, by augmenting Job Guarantee schemes with local authority-led public works.

/// Massively expand the supply of publicly owned housing through municipal housebuilding and protect private renters with rent controls.

# UNIVERSAL PUBLIC SERVICES AND DRIVING RECOVERY THROUGH EDUCATION

A decade of austerity has left our public sector poorly equipped to plan for and deal with emergencies. Systems for supplying and distributing both PPE and testing have been found seriously wanting. Thousands of people in care homes have died, with almost half of all of Scotland's deaths being in care homes. For those facing a sudden loss of income, a lack of social security advisers has meant lengthy waits to access social security support. In further and higher education, creeping marketisation and casualisation, has thrown our system into crisis.

## A DIFFERENT TRACK

As we emerge from the crisis, government must not only ensure we recover from the pandemic, and reward those workers who cared for us, but also undo the damage of a decade of austerity. It is also time to recognise the role that public services can play in rebuilding and renewing our economy and ensure that all public services are placed into public hands.

Nearly 70% of private care homes have had suspected Covid-19 cases, significantly higher than not-for-profit homes. While the Scottish Government's review into adult social care and the First Minister's personal commitment to a National Care Service is very welcome, the ultimate test will be whether the profit motive is removed from the care sector and workers terms and conditions are standardised and raised across the board.

As the exams fiasco highlights, we need to trust and respect teachers. They are now on the frontline of responding to this global pandemic, and we need to value education and value teachers by limiting bureaucracy and ensuring that money and

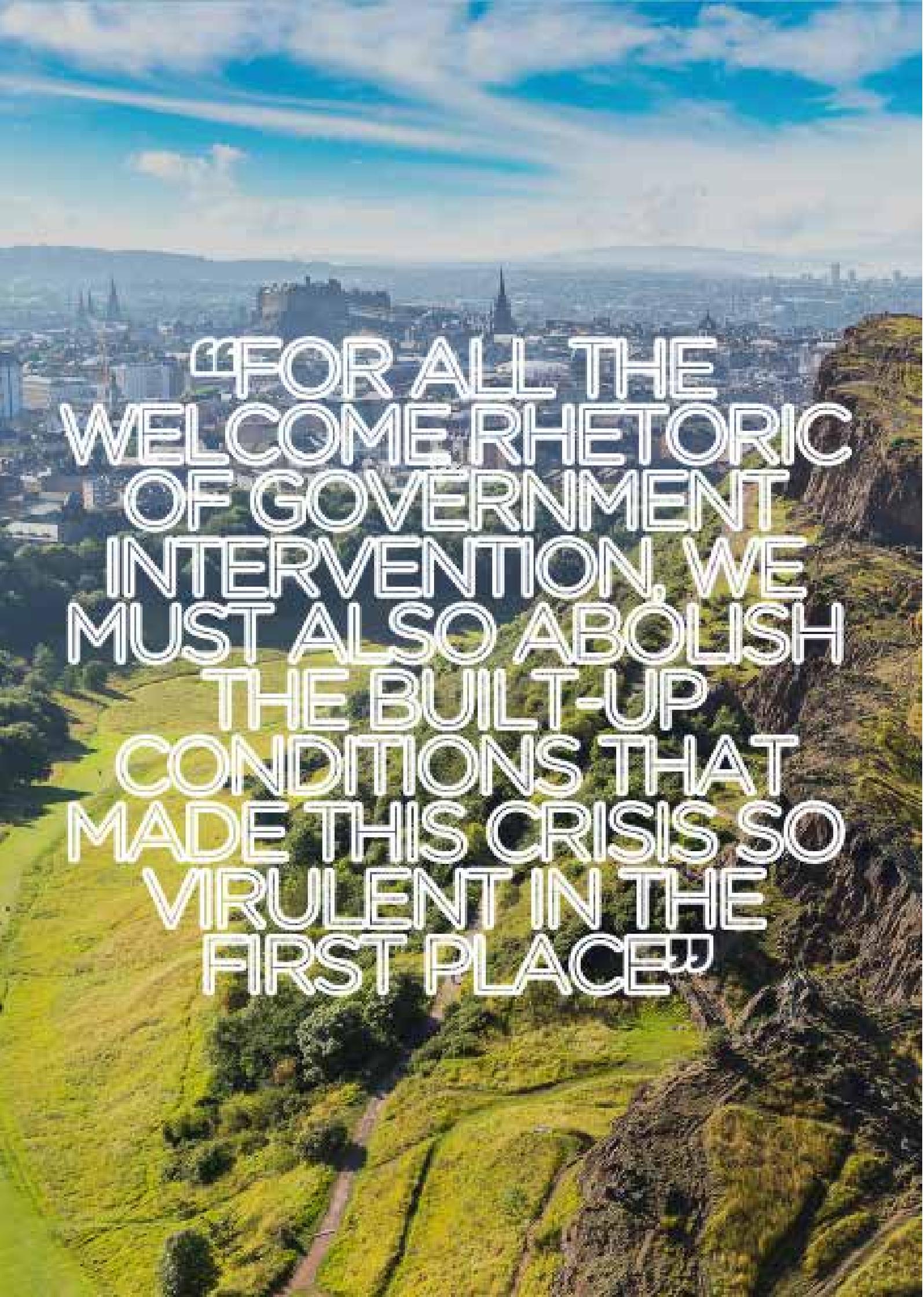
resources are put where needed to reduce stress and overwork.

We need to place colleges and universities at the heart of our recovery while also ensuring these institutions are publicly accountable, and that they are engaging with trade unions to provide fair work for all their staff including those on precarious contracts.

In early learning and childcare, we need to resource public delivery in order to address the scandal that 80% of practitioners and 50% of supervisors in private and third sector settings delivering the funded Early Learning and Childcare entitlement were paid an hourly rate below the real Living Wage.<sup>8</sup>

## THE PEOPLE'S RECOVERY

- /// End outsourcing across public services and properly fund health, education, emergency services and central and local government recognising their essential role supporting a wellbeing economy.
- /// Create a National Care Service, rooting out for-profit care provision and levelling up terms and conditions through collective bargaining.
- /// Commit to publicly provided early learning and childcare. Value teachers by reducing stress and over-working. Support universities and colleges with a support package which enhances democratic accountability and fair work practices.

An aerial photograph of Edinburgh, Scotland, showing the city's skyline with various church spires and the Edinburgh Castle on a hill. The foreground consists of lush green hills with a winding path. The sky is blue with scattered white clouds.

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# ENDNOTES

1 Calculation based on the Sunday Times Rich List (May 2020) and ONS Wealth and Assets Survey data (January 2020). A number of individuals on the rich list are well known for using tax avoidance schemes and questionable employment practices. The richest man in Scotland is Anders Povlsen, who owns a Danish fashion company, and recently overtook the Duke of Buccleuch as Scotland's biggest landowner. He has been criticised in some quarters for mounting a 'land grab' of Scotland to take advantage of farming subsidies. Second on the list is Glenn Gordon, owner of the whisky firm William Grant and Sons – which continued to operate during the Covid-19 lockdown – and a resident in the tax haven of Jersey. Fourth on the list is oil giant Sir Ian Wood who has sought to avoid paying Employer National Insurance by transferring employee registration to a holding company in Guernsey. Seventh is the Thomson family, who run newspaper publisher DC Thomson, and are notorious for anti-trade union practises, refusing to recognise the National Union of Journalists. Twelfth is Jim McColl who owns Clyde Blowers, is a member of the Scottish Government's Council of Economic Advisers, has clashed with the Government over a ferry contract, and has a primary residency in the tax haven of Monaco.

2 <https://www.gov.scot/news/green-investment-portfolio-launched/>

3 <http://www.stuc.org.uk/media-centre/news/1452/to-subject-sent-size-categories-dave-moxham-embargo-00-01-sunday-31st-may-stuc-new-analysis-shows-potential-for-a-13-billion-green-stimulus-package-to-create-150-000-jobs-in-scotland>

4 <https://www.mmu.ac.uk/news-and-events/news/story/12209/>

5 <https://www.resolutionfoundation.org/publications/risky-business/>

6 <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/work-policy-research-surveys-and-consultation-responses/work-policy-research/an-unequal-crisis/>

7 <https://www.resolutionfoundation.org/publications/young-workers-in-the-coronavirus-crisis/>

8 [http://www.stuc.org.uk/files/Policy/Reasearch\\_Briefings/Scotland%27s%20Care%20Crisis.pdf](http://www.stuc.org.uk/files/Policy/Reasearch_Briefings/Scotland%27s%20Care%20Crisis.pdf)

The **stuc** is Scotland's trade union centre. Its purpose is to coordinate, develop and articulate the views and policies of the trade union movement in Scotland; reflecting the aspirations of trade unionists as workers and citizens.

The STUC represents over 560,000 working people and their families throughout Scotland. It speaks for trade union members in and out of work, in the community and in the workplace. Our affiliated organisations have interests in all sectors of the economy and our representative structures are constructed to take account of the specific views of women members, young members, Black members, LGBT+ members, and members with a disability, as well as retired and unemployed workers.