

Working for Scotland
Listening to you

Scottish Labour: new directions

Change is
what we do

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Scottish  **Labour**



Boldness and Progressive Politics

We in the Labour Party have been fortunate to live in a time when politics in the English-speaking world have been dominated by three of the most gifted politicians of the centre-left – Bill Clinton, Tony Blair, and Gordon Brown. Under the guidance of these three men, the USA and the UK were rescued from the economic doldrums and enjoyed the longest period of sustained growth that either country has known while huge strides towards reducing injustices and inequality were made. Together, they proved what we in the Labour Party knew, but the rest of the world did not believe – that centre-left parties can run the economy not just well, but better than right-wing parties, while healing the social rifts that right-wing politics worsen.

In the Scottish Labour Party, we need to remember that, not just to celebrate it, but to know and understand why those three men succeeded where so many others with the best of intentions did not. We need to understand those lessons because we now face one of the toughest challenges in our history – a Scottish National Party in government. It may be an SNP that won the 2007 election by just one seat, it may be that the one seat was won by just 46 votes, and it may be an SNP which is well short of a majority in the Scottish Parliament.

But it is an SNP in power, while we are in opposition.

Nobody in Scottish Labour should be under any illusion that the 2007 election was just a mistake that will be put right at the next election. We have no divine right to be elected, no automatic call on the people's support, no guarantees of unwavering allegiance. We will have to work as hard, if not harder, than we did in 1997, to secure victory at the next election. We will have to work in every street, every community, and in all corners of our country to command the respect of, and win back the support of, Scotland.

That's why Scottish Labour can learn from Bill Clinton, Tony Blair, and Gordon Brown. They did that work, they won that respect and support, and we should learn the lessons. For the bitterest lesson of all is that the SNP have certainly done so. The slogan that headlined the Nationalist campaign that defeated us was "It's time for change". They managed to capture a mood in Scotland that wanted change. It was the same mood that we in Scottish Labour caught in 1997 and 1999. We stayed in tune with that feeling in 2001, 2003, and 2005. But we lost it in 2007.

As a minister who was proud to serve under Donald Dewar, Henry McLeish and Jack McConnell, and as a Labour Party member who worked in those elections, I take my share of the blame for that. But there is no future for us in seeking to lay the blame at any one person's door. The future lies in learning the lessons, putting them into practice, and getting

back to what Scottish Labour should be all about.

The truth is that change is at the heart of progressive politics and must be at the heart of Scottish Labour. We are the party of change. We want to change the institutions, the practices, the beliefs that hold our society back. If institutions are not working to make Scotland a better place, our job is to put something better in their place. If there are practices that are holding Scotland back, our task is to sweep them away. And if there are beliefs that are checking progress, our aim is to challenge and defeat them.

Bill Clinton memorably told the Labour Party conference in Blackpool in 2002 that for politicians of the centre-left, even those in power, the phrase "it's time for a change" should not be a threat, not even a challenge, but should instead be a constant theme. For those of us on the progressive wing of politics, it is always "time for a change", because change is why people vote for us.

It is no coincidence that our principal opponents have historically been labelled "conservatives". At heart, they wish to conserve what already exists because that is how the privileges enjoyed by them and their supporters are maintained. They want to keep the power and wealth they have, the inevitable end result of which is that power and wealth stays in the hands of a few, denying many the chances to live prosperous and fulfilling lives.

In key respects, the Nationalists are worse than the Conservatives. The Nationalists seek to disguise their conservatism in the language of radicalism. But at heart, they are deeply conservative. They want to turn the clock back 300 years to a past that never was in order to achieve a future that never can be. Nobody on the centre-left should be in any doubt that if the Nationalists ever came close to achieving what they want, the winners will be few and the losers will be many.

Tony Blair taught Labour to put internal division aside and to seek power. Our job as a party of the centre-left is to ensure that power is used for the benefit of the many and not the few. We learned also that we must encourage the creation of wealth. But it is our job as Labour politicians to make sure that wealth is not just created, but is also put to work to create jobs and opportunities for everyone, not to stagnate in the hands of select and fortunate individuals.

But how do we do that? What kind of policies do we adopt in order to make sure that power and wealth can be used for the benefit of all? Gordon Brown has given us the answer to that, in actions and in words. Amplifying a theme set out the previous year by Tony Blair he told us at the 2003 Labour conference in Bournemouth that we needed to be clear and confident about our principles, confident that Labour values are the values of the British people. More importantly, he told us that we need to be bold in our policies. Labour, he said, is best when at its boldest, best when united, and best when we are Labour.

These are the principles that guide my leadership. I intend that we should be the party of change, that the Scotland we seek will be a country where wealth-creation and the use of wealth to benefit all Scots is encouraged. We must be bold, united, and Labour.

Scottish Labour, Boldness and Change

Scottish Labour needs no lectures on how bold policies win support and can make life immeasurably better for people. But, occasionally, it is good to remind ourselves, and others, of just how much has been achieved by those who went before us. Under the SNP, a dishonest and manipulative re-writing of history has begun. It has commenced with the SNP claiming to be the mother, the father, and the midwife of the Scottish Parliament that we now have. It is manifestly untrue, but that won't stop the Nationalists seeking to claim credit for much more.

So let's remind ourselves of a few landmarks in the social fabric of our nation's history, some of which were constructed before the SNP was even formed. One such is social housing, born out of the quite appalling housing conditions that those who were toiling to build the ships and munitions to fight in World War One, and the women who were bringing up families while their husbands were fighting at the front, were expected to endure. Not only was the overcrowding – whole families confined to one room and an outside toilet shared by others – utterly intolerable, but the rents they were expected to pay were extortionate.

Sustained pressure by the Labour movement brought first rent controls

and then an Act putting duties on local authorities to produce plans for building houses for working people. But it was only the election of a Labour government in 1924, and the arrival of a Clydesider, John Wheatley, as Minister of Health and Housing, that a quantum leap forward occurred. Wheatley's Housing Act is widely acknowledged as the central legislative achievement of Ramsay MacDonald's government. It provided central government funds to local authorities to build houses to approved standards for rent.

Pushed through in the teeth of Tory opposition, which refused to acknowledge that the private sector was unwilling to build quality, low-rent housing, the council housing estates that rapidly sprang up across Scotland provided desperately needed escape from poisonous squalor for hundreds of thousands of Scottish families.

Labour's creation of the National Health Service in 1948 is rightly credited to Aneurin Bevan, Minister of Health in Clement Attlee's Labour government, and to William Beveridge, who wrote the report bearing his name advocating the NHS. But they knew it would work because, in all but name, the NHS was already in being in Scotland.

The credit for that goes to Tom Johnston, a Labour Scottish Secretary in Winston Churchill's wartime national government. He had the inspiration to see that civil defence hospitals, being set up to treat the military and civilian casualties of war, were meantime mostly empty. They could be used to give free treatment,

initially to civilian war workers, and then to the population generally. Compared to conditions today, health care was then truly terrible. For the few with money, there was private care. The many were dependent on voluntary hospitals run by councils and funded by charity. Waiting times of two years for hernia operations were usual. Even severe cases of appendicitis could mean a six-month wait. Johnston put the new military hospitals into action and by 1945, he could say not only that the waiting lists had been cleared, but that he had blazed a trail for the NHS.

In peacetime, Johnston was no less vigorous, taking up the chairmanship of the North of Scotland Hydro-Electricity Board (whose successor is today's Scottish & Southern Energy). He had the foresight to see that if the hydro potential of the Highlands was harnessed, reliable and cheap electricity could be provided which might lead to a reversal of years of Highland decline. Among the opponents were the SNP who predicted that the electricity would just be sold to England (why else would an 'English' Parliament approve it?) or worse, that publicly generated electricity would be sold to private industry.

Just as the Hydro Board began the revival of northern Scotland, so the Highlands and Islands Development Board, now Highlands and Islands Enterprise, created by an outstanding Labour Scottish Secretary, Willie Ross, continued it. He extended the idea to the rest of Scotland with the creation of the Scottish Development Agency, now Scottish Enterprise. This was a visionary

move. Without the SDA, and indeed the HIDB, and their hard word in bringing in inward investment, the unemployment caused under the Conservatives' de-industrialisation of Scotland would have been much worse and unemployment in Scotland would have been pushed back to the levels of several decades previously.

And in our own time, we have known at first hand the tireless efforts of Donald Dewar to see the establishment of the Scottish Parliament. Throughout the long bitter years of opposition to the Tories, Dewar kept faith with ideal of devolution and, along with the support of allies like Gordon Brown and John Smith, worked to achieve a vision for a parliament that would command the support of the Scottish people.

It was Donald Dewar who accepted the idea of the Constitutional Convention and worked to turn its ideas into a legislative reality, while Alex Salmond, far from helping, stood aside and led the SNP in opposing it every step of the way. Labour, Salmond said, could not deliver a pizza, never mind a parliament. Dewar did not only deliver, he produced such an exciting example of new democracy in action that politicians from across the world have come to Scotland to learn from it and enhance their democracy.

Once in the new parliament, Dewar continued with bold action. Wheatley's vision of decent housing for all had, sadly, suffered during the long years of Tory rule. Neglect meant that far too many council-owned houses in too many areas were well below modern

standards. I was proud to play my part in beginning the transfer of those houses to community ownership. Firmly in the traditions of John Wheatley, Dewar sought a modern means of renewing Scottish Labour's long-held ambition of decent and affordable homes for working people.

Bolder still were Dewar's land reform proposals building on years of campaigning by Scots of all parties and none which could only have been implemented by a Scottish Parliament. Communities right across Scotland, and not just in the Highlands and Islands, have been able to buy land denied to them for generations and put it to the use such land should have – sustaining and strengthening the families that live on that land.

This cycle of renewal was continued by Jack McConnell with the passage of legislation securing the right of responsible access to the countryside for all Scotland's citizens. And Jack McConnell also took forward the biggest step forward in improving the health of the nation since perhaps the creation of the NHS – the ban on smoking in public places. Where we in Scotland led, the rest of Britain has followed.

The point of listing these achievements is not to burnish a set of medals in the museum of Labour history, nor simply just to remind ourselves of our entitlement to wear them proudly, but so that we can know the lessons we need to take with us as we move forward.

The first lesson is that when we in Scottish Labour are true to our principles, and when we match them to the aspirations of the Scottish people, we succeed. Since the party's foundation, our central principle has always been that government should be, in the words of the new Clause 4 “for the many and not the few”. For much of the 20th century, our over-riding priorities were to use centralised government to deal with mass unemployment, build the welfare state, construct the National Health Service, and provide equality of educational opportunity. None but the most blinkered Nationalist could argue that in these decades Home Rule for Scotland, though it was one of Labour's founding goals, was a priority of the Scottish people. But at the end of the 20th century it became clear, under Tory misrule, that centralised government was not fit for Scottish purposes. A Scottish Parliament was both the priority means of providing for the many in Scotland and, in John Smith's words, the settled will of the Scottish people.

The second is that we should never confuse principles with policies, for policies are simply the means to put those principles into practice. The provision of decent and affordable homes for all has always a principled aim of Scottish Labour. In the early 20th century, giving local authorities the means to provide those homes was the obvious and successful way of implementing that principle. But at the end of the 20th century, because of neglect under 18 years of Conservative rule, new approaches were needed in cities such as Glasgow where the problems had

become overwhelming. We needed a new policy means of providing decent affordable homes and the foundations for a new era in community housing have been laid.

The third is that we must listen to the people, listen to their hopes and aspirations, and find clear practical ways that will allow those aspirations to become reality, without being deflected by false voices of opposition.

Every achievement listed above was greeted by a storm of opposition from vested interests when they were first proposed. But they have all endured and now there would be a storm of opposition if any party was so foolish as to propose taking them away.

The fourth is that we must reach out beyond what we might consider to be our natural supporters and win backing from people who may never have supported us at all.

Our victories in 1997 and 1999 were not secured by clinging to our heartland vote. They came because we reached out to people across all Scotland - in former Tory heartlands of Eastwood and Dumfries, in SNP territories of the Western Isles and Dundee East, and in long-time Liberal Democrat areas such as Inverness, Nairn and Lochaber.

We did so because in campaigning for Scotland's Parliament, we campaigned in all corners of Scotland. In that campaign we listened to what all Scotland had to say and we put those messages into our manifesto. From housing in our cities to land reform in the countryside,

we listened and then reached out to all Scotland and were rewarded with Scotland's support.

But we now have the Parliament, and many of the things we promised. And in putting those promises into action we somehow lost the connection with too many of the people who gave us their support. We now have to rebuild that connection again. We have to debate the way ahead, not for and with ourselves, but for and with the people of Scotland. And we have to have that debate, not just with the people who support us, but also with the people who do not support us, and with those who may even be hostile to us.

For in the Scotland we now have, a Scotland where there are at least five significant political parties, and many more which may seek to be significant forces in the future, no party can rely on one section of society in order to win power. Scottish politics in the 21st century is about building coalitions of support in all sections of society, and constantly refreshing and renewing those coalitions.

I do not believe that people have lost faith in Scottish Labour's values. But they have questioned our ability to deliver the practical policies that match those values, and to make the changes that turn those values into reality. If we are humble enough to listen, wise enough to engage in debate, and brave enough to renew, we can win back belief in our ability to deliver. And, as those who went before us did, we must be bold, be united, and be Labour.

Changing society, changing policies

What does Scottish Labour stand for? It's a question people often ask us. Our answer to that has not changed. We stand for the progressive values of justice, equality, and community. These values are the bedrock on which our party was founded and have sustained us ever since. They still do so today.

But our task as Scottish Labour is to embody these values, and to find ways of giving real meaning to these values, in our own times. For us, it means constant change, not in our values, but in the policies we use to make them a reality. Just as society is constantly changing, so we must constantly re-assess and renew our policies so that we stay in touch with the changes in society.

The concerns of Scottish families have not greatly changed over the years. They are to get on in life and improve their circumstances, to make sure their children get the best possible start to their lives, and to live in safe and friendly communities. These are the priority issues in homes up and down the country.

But what it takes to get on in life, to give your kids the best start and to live in safety, is changing all the time. For many people of humble means the best you could hope for was to leave school with minimal qualifications, join a big company or an institution and, if

you worked diligently, expect to remain employed with that organisation for the rest of your life and retire with an occupational pension. That life route map is increasingly a rarity these days. Now people from modest backgrounds have the opportunity to go to university and gain their own set of skills which may see them in occupations that involve a different employer every few years.

Aspirations also change. Home ownership, car ownership, a foreign holiday, labour-saving appliances in the home, were once but distant dreams for most people. Thanks to Labour many have now achieved these dreams. Nowadays, families' aspirations stretch to second home ownership, two cars in the driveway, a nice garden, two foreign holidays a year, and leisure systems in the home such as sound, cinema, and gym equipment. In short, social conditions change and people's aspirations constantly rise. We need to be in tune with those changes, for if we are not in tune with them, we will be seen as irrelevant.

This applies right across the entire spectrum of issues that we as politicians are expected to deal with. It covers everything from growing the economy and the wealth of our nation to helping the socially and economically excluded, from the enrichment of our cultural and sporting life to the conservation and protection of our environment, and from the nurturing of our cities and industries to the enhancement of the countryside and rural ways of life. But to illustrate the challenges and the need for fresh

thinking posed by a changing world and changing aspirations, I want to pick out just three examples.

Health

Ten years ago, an urgent priority in the National Health Service was to build new hospitals and health centres fit for the 21st century. Scottish Labour led on meeting those challenges – new hospitals, new health centres, shorter waiting lists and faster treatments. Now, rising aspirations mean that people are looking for better and more personalised services from the NHS. They want to be able to see a doctor and get treatment when it suits them, and not when it suits the doctor. They want to get more of their health care needs met locally in their community and not at a distant hospital. How we meet those aspirations without compromising standards of health care and while ensuring taxpayers get value for money is the challenge for the future.

When we came into power, Scottish Labour led the attack on the big killer diseases. Thanks to reforms that we introduced, we are well on the way to dealing with these scourges. There can be no let up in that battle, but there are new concerns that we must also tackle. For example, a growing concern is how we help patients with chronic conditions manage their own care.

The other big priority in the NHS was to reduce the waiting lists and waiting times for hospital care. Again, the reforms that Scottish Labour introduced

have seen both the lists and waiting times greatly reduced. Now a new priority is to change the health of the nation to prevent people from having to go on those waiting lists.

Scottish Labour can be proud that we began that battle with the smoking ban. Now it has to move on to a new front – tackling over-indulgence in alcohol and food. We need to lead the debate about how we should and can take responsibility for our diet and our own health, and to embrace radical ideas on how to take that agenda forward.

Education

Ten years ago, after decades of neglect, there was a crying need for new schools fit for modern purposes. Scottish Labour has gone a long way towards fulfilling that need, and today hundreds of thousands of pupils enjoy learning in new or substantially refurbished buildings that meet modern standards. Sadly, however, the SNP, because of an ideological fixation against private finance, is slowing down the rebuilding programme. While Scottish Labour will maintain the pressure to ensure that all pupils enjoy education in modern buildings, the political agenda for schools must now also look beyond a bricks and mortar programme.

That is because today's parents are no longer content to judge a school by its appearance, or even by its exam results. At the primary school stage, parents want to know whether their child is guaranteed a firm grasp of the

basics of reading, writing, arithmetic, and oral communication before they go to secondary school. Lack of these basic skills is a prime cause of the disciplinary problems that blight too many of our schools. Scottish Labour must seek out ways to guarantee that all children leave primary education fully equipped for secondary school.

Debate has become too fixated on setting targets for class sizes. For the SNP, it is class sizes in p1, 2, and 3. While class size is a factor helping to determine educational outcomes, the evidence suggests that the quality of teaching in a class and the quality of leadership in a school is more important. Yet where is the public and political debate about the curriculum, now being re-shaped under A Curriculum for Excellence, and whether it is fit for the future? Is our leadership in schools the best it can be and does it have the power and support to shape effectively the school ethos and staffing?

Parents are increasingly looking for more personalised education for their children. That means learning the lessons of the literacy programme in West Dumbartonshire whose success over the last decade has allowed every child to become a reader. And it is not just in the earliest years where we need a more personalised approach. Children learn differently and many will have a time in their school careers where they struggle with a subject or a concept. It is a time when they could do with extra support to maintain their enthusiasm and confidence. If we want all pupils to leave primary school ready for secondary

education, we need to be willing to put our resources into much more individual attention for those who need it. This would take the pressure off the classroom teacher and other pupils who may be suffering when their classmates are disaffected or disengaged. Getting it right for every child through their own ways of learning and discovering their interests and strengths should increasingly be part of the school experience from the primary years.

Instead, we have the easy populism of class size promises (which are increasingly unlikely to be fulfilled) winning out over evidence-based policy-making. The same is true of university and college education. The SNP got elected on the promise, now exposed as entirely empty, that all graduates would have their debt written off even if they were in a well-paid job. Their financial situation has been put above those of classmates who may now be without the hope of a modern apprenticeship to escape from unemployment.

At the same time, we have made too little progress towards identifying the relatively small number of university entrants who genuinely cannot afford higher education and really do deserve generous grant and bursary support. And in the SNP's rush to win easy votes, the competitiveness of Scotland's universities – the source of much of our national reputation for invention and innovation – is being jeopardised. Exposing this hypocrisy and finding real solutions is a tough challenge, but one that Scottish Labour must undertake.

Communities and people

Ten years ago, the urgent need for many of our communities was to tackle bad housing and criminally anti-social behaviour. Scottish Labour can be proud that in government, we took big steps towards dealing with these problems. Now, however, it is apparent that the scale of these problems was bigger than we thought, and that the solutions needed are perhaps more radical than we have so far championed.

At this stage, there are more questions than there are obvious answers. For example, community land ownership is transforming prospects for some of our remoter communities. After decades of being powerless in the face of wealth and privilege, they now have the power to take forward their own hopes and dreams. But what about our urban neighbourhoods? Where are the plans to reclaim them for the people who live there, and to give them the power to shape their own future?

We have promoted the changes we have made to the law in order to tackle anti-social behaviour. And it has been proven that these new powers can make a difference in getting rid of the loutishness and vandalism that was in danger of becoming an accepted part of life in too many parts of Scotland. But it is still a big problem. Where are the communities in Scotland where zero-tolerance policing is implemented in partnership with the local community?

Within those communities, there are struggling families for whom the

conventional means of support, despite the best of intentions by hard-pressed agencies, are not working. Consider that most poignant example of our most vulnerable children growing up in the shadow of a parental or sibling addiction. Why have we not resolved the funding of kinship care, the provision of nurse partners, or help in the home? Why have we been unable to provide a personal adviser who is the lead advocate for each child and the budget-holder for their welfare, irrespective of which agency they come from?

All of us in politics know of the cases where a dozen different agencies are involved. The loser invariably is the vulnerable person. Often, there are too many advisers, too much shifting of responsibility and passing the buck, and too little ownership of the solutions. But which political party in our country has campaigned to slice through red tape, to end the waste of resources, and to introduce a personalised one-to-one solution to help the most vulnerable?

These three examples – in health, education, and communities – show the directions in which Scottish Labour must travel. All of us have a duty to take part in debating and formulating the policies that will renew our connection with the Scottish people.

The SNP have a different starting point. They came into being for one reason and one reason only: to achieve independence for Scotland. Everything else is secondary. Having achieved office their goal remains unchanged. It means that the decisions they make are

invariably characterised by short-term, populism.

This is inevitable given that their overriding priority is whether any decision will help deliver a yes vote in an independence referendum rather than whether it will serve the long-term needs of our nation and its people.

I am determined that we will stand up for what we know to be right. I know that Scottish Labour will have the courage to put in place the type of actions and policies that will benefit us all, now and in the future. One of those areas for action is the constitution.

Changing times, changing constitution

The election of the SNP has pushed constitutional politics back to the forefront. I share the view that the prime concern of the majority of Scots is not the redrafting of the constitutional blueprints of our country. Their major concerns are that politicians should tackle issues such as the ones discussed above. A better health service, better education, a growing economy with better jobs, safer communities with less crime - these are the people's priorities.

But we cannot rely on this as an argument that will be sufficient to defeat the SNP. We in Scottish Labour know this because we faced exactly the same argument from the Tories over a decade ago. In the 1990s, while we took up a leading role in the Scottish Constitutional Convention, the Tories argued that constitutional change was not the priority of the Scottish people. The result in 1997 was that the Tories were wiped off the Scottish electoral map. I do not believe that Scottish Labour faces the same threat, but we do need to engage seriously with the constitutional challenge thrown down by the SNP.

Our strategy has three foundations. Firstly, the weakness in the SNP's position is that there has never been any credible opinion poll in Scotland which has shown majority support for independence. Two substantial academic

surveys undertaken during the 2007 election showed that no more than a quarter of the Scottish electorate supported independence.

Secondly, maintaining the Union continues to command majority support. This is shown not only by opinion polls, but by election results. In 2007, Unionist parties were supported by 65 per cent of the electorate. By no stretch of the imagination is it possible to argue that Scots wish to dissolve the Union.

Thirdly, there is majority support for the present constitutional arrangements of a strong Scottish Parliament within the United Kingdom. There is no desire to revert to the pre-devolution arrangements. There is, however, a desire to discuss whether the present powers of the Scottish Parliament are right for our times.

As I have argued throughout this pamphlet, no-one in Scottish Labour should see this as a threat. We are the party of change. And if there are changes that need to be made to the constitutional settlement, we should not shirk them. Indeed, Scottish Labour has already made some quite substantial changes to the settlement which Donald Dewar piloted through Westminster in 1998. Since then Scotland has gained powers over rail franchises and the development of rail services. It has also gained powers over the construction and extension of electricity power stations, no mere detail given the important decisions which have to be taken on future electricity generation.

There has been debate about whether Donald Dewar ever said that devolution was “a process, not an event”. He did not use those words. They were used by Ron Davies, then Secretary of State for Wales, describing the creation of the National Assembly of Wales. Though he thought Ron Davies somewhat cavalier with his use of language, Donald did not disagree with the sentiment behind those words. He said: “It would be absurd to pretend that ours is the last word on the constitutional settlement.” And true to his word, he wrote into the Scotland Act provisions for the continuing transfer of powers between Westminster and Holyrood.

But neither did Donald believe that devolution was a stepping stone on an inevitable road to independence, nor that the addition of any more powers to Holyrood would bring Scotland closer to independence. There is one solid reason for his certainty about that. It is that the fundamental difference between the SNP and Scottish Labour is not just that they believe in independence and we do not. It is that the SNP see constitutional change as an end in itself, whereas we see constitutional change as a means to an end, that end being the good governance of Scotland and the United Kingdom. And the better Scotland and the United Kingdom are governed, the less, not more, likely it is that Scots will want independence.

Better governance was the reason, and that reason alone, that in opposition we campaigned for a Scottish Parliament, and in government we delivered the Scottish Parliament.

Government in Scotland and the United Kingdom is infinitely better as a result. Scotland’s gain is that we have been able to legislate for the provision of Scottish solutions to Scottish problems. That has cleared legislative space at Westminster for UK and English-only matters. With devolution also to Wales and to Northern Ireland, all parts of the United Kingdom are now better governed.

But it would be foolish to pretend that these changes, the biggest made to the constitution since the Act of Union in 1707, are perfect. In other parts of the United Kingdom, defects in the 1998 settlement have already been acknowledged and further changes made. In Wales, the Government of Wales Act has given new additional legislative power to the Welsh Assembly. In Northern Ireland, the change has come at the executive level with the devolved government in Northern Ireland now cooperating with the government in the Republic of Ireland to a degree unprecedented in Irish history. And at the United Kingdom level, Gordon Brown has proposed constitutional changes including limiting the power of the executive and re-invigorating democracy. Scotland cannot be isolated from this process of constitutional review and change.

Ten years on from the Scotland Act of 1998, it can now be seen with the benefit of hindsight that there were three shortcomings in the process that led up to that Act. Firstly, the Convention scheme essentially had been conceived against the background assumption that it would require to be forced upon a reluctant Westminster government. To that extent, it assumed any consideration of that Westminster Government's interests would take place at some future stage as part of a negotiation for the implementation of the scheme. Suddenly we found ourselves with a Westminster Government pre-disposed towards the scheme, but at the same time boxed in by the dual mandate that the scheme had already received at the 1997 general election and subsequent referendum.

The consequence of this is that the current devolution settlement, while it has ended the over-representation of Scottish MPs at Westminster, was not essentially concerned with the interests of all the peoples of the United Kingdom. And following the rejection in a referendum of plans for an Assembly in North East England, most within Labour's ranks have simply ignored the West Lothian Question. This, coupled with Tory sabre-rattling and the SNP's entry into Government at Holyrood, is helping to fuel English irritations.

Secondly, the proponents of the scheme placed too much emphasis, indeed almost exclusive emphasis, on how they would be allowed to spend public money without sufficiently considering either how they might raise that money or be

held accountable for its application.

Thirdly, insofar as there was a degree of financial flexibility it was tied to an overwhelming reliance on income tax via "the Tartan Tax" at precisely the point when many were realising elsewhere the need for a more sophisticated approach to taxation.

The consequence of these things has been to focus attention on the current financial arrangements for the Scottish Parliament, based essentially on a block grant accompanied by an unused and administratively complex power to vary the basic rate of income tax. In turn, this has raised concerns about the government's degree of financial accountability and exercise of power without sufficient financial responsibility.

Finally, while the constitutional architecture of the 1998 legislative process is sound, the urgency of the need to create a Scottish Parliament led to the Convention scheme being accepted uncritically.

Times change and new issues come to the fore – and after an eight-year bedding-down period a reassessment of the settlement's operation is timely.

A cross-border, cross-party partnership

On December 6, 2007, the Scottish Parliament passed a historic motion by 76 votes to 46. The motion was the result of weeks of discussion between myself and the Scottish leaders of the Conservative and Liberal Democrat parties, itself an unprecedented process of cross-party partnership in Scottish politics. The motion read:

“That the Parliament, recognising mainstream public opinion in Scotland, supports the establishment of an independently chaired commission to review devolution in Scotland; encourages UK Parliamentarians and parties to support this commission also and proposes that the remit of this commission should be:

“To review the provisions of the Scotland Act 1998 in the light of experience and to recommend any changes to the present constitutional arrangements that would enable the Scottish Parliament to better serve the people of Scotland, that would improve the financial accountability of the Scottish Parliament and that would continue to secure the position of Scotland within the United Kingdom, and further instructs the Scottish Parliamentary Corporate Body to allocate appropriate resources and funding for this review.”

Only the SNP voted against, a clear recognition by them that the proposal contained within it is a threat to Nationalist goals.

The Scottish Constitutional Commission will be expert-led and independent. Its task will be to review devolution in Scotland ten years on, and to develop a more balanced Home Rule package. It will have a strong UK dimension, in contrast to the earlier Convention. It will thus meet the desire of most Scots to secure both the devolution settlement and their common UK citizenship.

Now endorsed by the Scottish Parliament, the UK Government and the largest pro-union political parties, it will enable us to draw in the best ideas that the UK and Scotland have to offer. As with the earlier Convention, it will be vital to look beyond the politicians to bring together business people, civic leaders, the wider public sector, academia and the voluntary sector. In addition to standard evidence-taking sessions, the Commission should consider other ways to gauge opinion including a number of listening events, or people's panels or citizen's juries.

A broad membership combined with wide-ranging evidence taking sessions can help the Commission stay focused on our key goal – what changes are needed to the devolution settlement in order to make Scotland a better place to live and work in.

One aspect of a far-reaching approach such as this is that it is not possible to predict the outcomes with certainty. But the process can be open, consensual, and thorough. An interim report could be helpful. At the end of the process, developed plans should be published which all parties can then consider. Of course, no party or individual will be bound by its outcomes, but I feel confident that the Commission's work will command respect from all those interested in Scotland's future.

Scotland's place in the Union

Fundamentally, the Commission should consider the operation of the devolution settlement. Most federal countries have review mechanisms in place that let powers move in both directions. The case for such an ongoing review mechanism is one the Commission should examine.

The Commission should be entrusted to take a pragmatic approach to questions of competence and powers. There are areas from welfare-to-work to road transport where there is merit in considering greater powers for the Scottish Parliament. Likewise the Commission could consider the operation of the Parliament itself, public holidays, marine issues, animal health and so on. By implication the Commission should also consider any reasoned arguments for the boundary moving in the opposite direction, for example in national security related matters such as counter terrorism and contingency planning.

Clearly, this is not an exhaustive list. But a key issue is the question of strengthening the financial accountability of the Scottish Parliament. In short, the financing of the Parliament almost wholly through grant funding does not provide the proper incentives to make the right decisions. Hence strengthening the financial accountability of the Scottish Parliament by moving to a mixture of assigned and devolved taxes and grant is something the Commission must consider.

A beneficial by-product of strengthening the accountability of the Parliament through greater autonomy would be to address some of the concerns elsewhere in the UK around relative spending levels. Inevitably a larger assigned or devolved element means the grant element would be smaller and so potentially less contentious. As one commentator has argued – there should be no need to get a divorce if the dispute is just about the housekeeping bills. But for those committed to the UK, financial transfers within the UK – the grant element – must continue to ensure that areas with greater spending needs have the resources to fund them. Such equalisation systems are commonplace in all modern democracies.

I believe it is for the Commission to consider the proper balance of devolved, reserved, and assigned taxes if the accountability of the Parliament is to be strengthened and relative need still respected. We should approach this with an open mind, but there are some constraints here. Some suggest VAT might be devolved, but EU rules appear to preclude VAT variation within a state. So it could not be a candidate for devolution, although it could be considered for partial assignation. Likewise the issue of Corporation Tax variation within a state also raises issues of compliance with EU rules as well as problems of economic distortion through transfer pricing. But even with these kinds of constraints there is still plenty of valuable work to be done.

This is not a prescriptive process, but a deliberative one. It is not a case of setting down a list of taxes or powers and instructing the Commission to make out a case for devolving them from Westminster to Holyrood. That would be an exercise driven by Nationalist ideology with only one end in view – greater powers for the Scottish Parliament regardless of whether or not the extra powers improve the governance of Scotland and the United Kingdom. Instead, the Commission will seek to set out, on the basis of evidence gathered from people affected by, or dependent on, the actions of government, what improvements should be made. In short, this is not an ideology-driven, but an evidence-driven process.

It is a pity that the Liberal Democrats seem to have set their face against the principle of looking at movement in both directions. Clearly in a fast changing world it is no more than woolly thinking to assume that within devolved or federal arrangements movement will always only be in one direction. The right approach is to acknowledge that this is first and foremost a review of devolution in light of almost ten years experience and we should not seek to tie the hands of those involved.

At the conclusion, it will be for the political parties to decide what parts of the Commission's recommendations they wish to accept and put before the Scottish people for their endorsement. This will hold no fears for Scottish Labour. I have little doubt that the Commission will recommend change.

Scottish Labour is the party of change and when we come to put our proposals to the people, I also have little doubt that we will succeed.

The Union and Scotland

The case for the United Kingdom remains the common interests of its constituent parts. It is better to work together and share risk and resources than to seek to manage a volatile environment separately. This partnership of the peoples of these islands is what has sustained the Union for three centuries. It is a remarkably enduring enterprise. Its vitality stems directly from the unique intermingling of nations of people with distinct cultures and different outlooks in which the best ideas and talents have been able to flourish.

Scotland rightly celebrates Scottish achievements, such as those of James Watt, Alexander Graham Bell, Alexander Fleming, and John Logie Baird. But our national pride sometimes blinds us to the fact that it was Scotland's position in the United Kingdom that allowed such inventiveness to realize its full potential. For example it was only when James Watt, the inventor of steam power, went into manufacturing partnership with Matthew Boulton, a Birmingham engineer, did Watt's discoveries make their full contribution to the Industrial Revolution.

Together in partnership, the achievements of the nations in the United Kingdom have been far greater than each could individually manage. Statements of this sort are often backed up with reference to the ending of the slave trade, the construction of

an empire spanning the globe, and the crushing of fascist evil in Europe. And it is true that no one part of the United Kingdom could have fulfilled these things alone. But I prefer to choose a domestic illustration – the National Health Service. Conceived by William Beveridge, an English Liberal, given practical expression by Tom Johnston of Scottish Labour, and implemented nationally by Aneurin Bevan of Welsh Labour, there is no better example of what can be achieved by the partnership of the British peoples for the benefit of all in the United Kingdom.

It has become fashionable to claim that the days of the United Kingdom are done, that its structures are crumbling, and that its time has passed. I reject that utterly. Here in Scotland we have perfect examples of how we still need and make use of that United Kingdom in ways that bring enormous benefits to our country. The Royal Bank of Scotland and the Bank of Scotland, both successful Scottish banks, became even more successful and much bigger British banks through takeover and merger with English banks. From that position of strength, born out of the stability of the United Kingdom economy and its lack of internal barriers, the Royal Bank in particular has gone on to become a major force in global finance. Other small European countries, which we are often invited to admire, do not have anything approaching that strength in financial services, a key industry of the future.

Scottish Labour has pride in this partnership. We reject the narrow Nationalist prejudice which says that working with the other peoples

in these islands has become intolerable. But the examples of partnership cited above point to a flaw in how we have presented this case. We have erred in presenting the United Kingdom partnership as one-way traffic in which the rest of the United Kingdom has only given and Scotland has only received. The people of Scotland know differently, and they told us so at the last election.

The people of Scotland know that in any partnership, there will be good times and bad times, times of prosperity and times of hardship. And when one partner is down, the others reach out a helping hand up. In times of difficulty, the others come to assist. Throughout the three centuries of the United Kingdom partnership, this has been the case, and the reason why the United Kingdom has survived and all its people have emerged from bad into better times. Likewise in recent decades Scotland has prospered as part of the European Union. In a fast globalising world we do live in ever-more interdependent times.

I have never been one of those who believes that, uniquely among the nations of the world, Scotland is incapable of standing on its own two feet. Political and economic arguments rage about whether Scotland, with or without oil, would be worse off if it were dependent on its own revenue base. All the available evidence tells me that even in times of high oil prices, Scotland would struggle to maintain existing levels of public services.

That, however, is not really the point. The real point is that at various times since 1707, Scotland has been a net contributor to, and a beneficiary from, the overall stability and financial well-being of the United Kingdom. What we can also say is that at no point have politicians from elsewhere in the United Kingdom set out consciously to damage the economic prospects of Scotland, or indeed vice-versa.

Instead, one of the major factors in building the United Kingdom which, at one time, was the most economically successful country in the world, and in maintaining the UK as a leading member of the G8, is the fruitful co-operation of all the parts of the Union. Only someone extremely confident of benefit to Scotland from ending that Union would wish to put that at risk. A prospectus based on optimistic predictions of the long-term price and longevity of supply of one commodity – oil – is never likely to pass that test of benefit to Scotland. Indeed, I believe that all component parts of the UK would be the losers should we split up an enduring and successful union.

The people of Scotland know these things. It is why a steady majority have always rejected Nationalism, knowing that the siren calls to embrace illusory riches one day will turn to real wreckage on the rocks of unforeseeable misfortune the next day. But equally, we in Scottish Labour need to understand that the people of Scotland know that they are an asset to the United Kingdom and will not reward political parties who do not recognise that. They do not want

to walk out of the Union, but they do want to walk tall within the Union.

The partnership that is the United Kingdom is underpinned by the principles of sharing resources, revenues, and risks. It provides solid foundations for an economy in which all nations and regions benefit.

These principles are the basis for a common citizenship founded not only on legal and political rights but also on access to social rights in the form of the welfare state. Those 3 Rs - of resource, revenue and risk sharing - also secure for Scots our social citizenship - our right to benefits and pensions as well as access to free schooling and healthcare through the NHS. Again this is territory the Commission should explore, recognising the benefits to Scotland of the stability of the macro-economic management we have enjoyed in the United Kingdom under a Labour government.

The other important United Kingdom question at stake here is that for those committed to progressive politics across the whole country, the issue is how to allocate spending in a way that assesses need properly, is fair to all parts of the United Kingdom, and does not penalise the poor. By definition, these questions have wider implications than just for Scotland. So it is entirely right that a United Kingdom voice is heard on these matters.

The Union has something for all its constituent nations - the devolved nations of Scotland, Wales, and Northern Ireland - and for England too. It is not

for me, as leader of Scottish Labour MSPs, to dictate changes, but I do say to Scots that we should support and welcome greater local and regional decentralisation in England, allowing voices in different parts of England to be heard on their issues, just as we have sought that for ourselves. This may be something on which the Commission will have thoughts to offer. But the so-called English question is properly for UK colleagues to consider. And we must resist Nationalists of whatever provenance fanning any English resentment for partisan reasons.

It is also right that we should look further afield, for example, to learn the lessons from the funding of devolved jurisdictions and their interaction with central administrations internationally. Such an approach could support the work of the Commission and its secretariat, not least about the proper balance between incentive and equalisation effects.

The nature of the Union, what people feel about the Union, is changing and so must political thinking about the Union. Conservatives view the Union is something which is unchanging, static, a rock to which they want to cling. **But for progressives the Union is in constant change, always evolving - a progressive political philosophy which is in tune with popular sentiment. This is not a threat to Scottish Labour, but an opportunity which we must eagerly seize.**

Change and the way ahead

These are exciting times in Scotland. There has been for some years a sense of new-found confidence. Walk the streets of Glasgow, Inverness or Dumfries; look inside the offices of Dundee, Stirling and Greenock or the boardrooms of Edinburgh and Aberdeen. You can feel and see the growing confidence. We have more jobs, more modern apprenticeships than ever before, a better infrastructure and fast-growing dynamic industrial and commercial sectors. Our entrepreneurs and their ideas, drive and skills are there for all the world to see.

It is Labour in Scotland, with our strong traditions of radical progressive policies, that has changed this country for the better.

Look back at our historic leadership on land reform, social housing, and hydro power. And in modern times, look at free bus travel, community land ownership, the smoking ban and tackling anti-social behaviour. These are all progressive policies made in Scotland by Scottish Labour, the latter ones only made possible by our championing and delivery of radical constitutional change – the Scottish Parliament.

The task now for Scottish Labour is to rediscover our progressive voice, to find new policies for radical change, and to match our vision for the years ahead to the modern confidence of Scots, a confidence which the first eight years

of the Scottish Parliament has helped to engender.

One of the areas where Scottish Labour has to do that is the constitution. We know that when Labour is the party of ideas on the constitution, it typically commands support. We know also that there is unfinished business from the 1998 Scotland Act and it is Scottish Labour's job – in partnership with other parties and with our Labour colleagues in the rest of the United Kingdom – to fix it.

Scottish Labour needs to rediscover its distinctive voice on the future of the United Kingdom. Labour gave the Scottish Constitutional Convention momentum 20 years ago, led on creating the Scottish Parliament 10 years ago, and is, I believe, will now to lead on the next steps. Those steps, I firmly believe, will lead to the Union being a more comfortable home for all its members.

It means change, and when constitutional changes are involved, it also means there will be difficult choices ahead. For Scottish Labour, that prospect should be exciting, for we are the party of change. And, in the end, the decisions we will have to make may look difficult, but may in fact be relatively straightforward because the guiding principle will be to do what is best for the better governance of these islands, their nations, and their people.

What the next generation will demand of us, is a settlement that honours the birth of devolution without being hidebound by it. And in our work, we will keep sight of the one over-riding goal – how to

make Scotland and the United Kingdom fairer places to live and work.

The priorities of the people of Scotland remain the same as others in countries the world over – better jobs, health, education, law-and-order, housing. While we engage in constitutional reform discussions, we must also develop our proposals to meet these, the people’s priorities. And in any constitutional proposals we develop, they will be put forward in order to better fulfil these priorities.

It means a lot of hard work before the next Scottish election, now only three years away. It means changes in strategies, changes in thinking, changes in policies. That is nothing new for Scottish Labour. Change is what we do.



