

# Dundee Labour news digest

2 December 2011



## Jim McGovern Condemns Chancellor's Autumn statement

Jim McGovern, MP for Dundee West, condemned the Autumn Statement given by the Chancellor of the Exchequer George Osborne. The Autumn Statement comes as the OECD warns of renewed threat of recession for the UK economy, the Office of Budget Responsibility further downgraded the UK's short term growth expectations, and youth unemployment reaches an all time high of one million young people currently out of work.

Jim McGovern said, "As the economy stagnates, and the OECD warns we may fall back into recession, and unemployment increases across the country, these announcements are too little too late. "People in Dundee need to see real action from this government in order to see that jobs and investment increases. That didn't happen today.

"I support more home building and infrastructure investment, but there should much more of it, and it should have been done over a year ago. "To cut vital tax credits for hard working families shows that the government are making the most vulnerable and hardest working suffer for their failed economic policies.

"The government's cuts, and their lack of action, has chocked off economic recovery.

" The government are responsible for much of what has gone wrong. Today George Osborne did not take responsibility for that."

Mr McGovern concluded, "Government borrowing is up, economic growth is down and unemployment is increasing every day. "These announcements, many of which are not new, are too little for the people of Dundee. "The government must come up with a comprehensive plan for economic growth, and they must do so as a matter of urgency."



Jenny MARRRA MSP

## Youth Unemployment

Speech in the Scottish Parliament

1 December 2011

I am angry. I am angry after yesterday's strikes. I am angry at John Mason's suggestion that young people in our country do not want to work, and I invite him to come up to Dundee and speak to some of the young people to whom I speak every week, who are desperate to work the young men who have left school and are desperate to get into the construction industry but cannot because there are no jobs available for them.

I am angry that, since two weeks ago, when the unemployment figures came out, cybernats continually tweet me with their answer to the unemployment figures, which is that young people in this country do not want to work. That seems to be the message continually coming from members on the Scottish National Party benches and from those who tweet and put things on Facebook in their names.

Those of us who marched and were on the picket lines yesterday recommitted ourselves to fight the scourge of youth unemployment in this country, because yesterday was not just about pensions, although their protection is exceedingly important.

Yesterday was, in essence, about work: people's right to work, to expect to work, to aspire to work, to enjoy success at work, to be properly paid for work, to be challenged, to pay taxes and to build a financial and satisfying legacy for old age.

The crisis in youth unemployment in Scotland has grown to breaking point. As the economic downturn has unfolded it has become increasingly clear that Scotland's youth are being hardest hit in the fight to find work, training or access to further education.

I want to talk a bit about the structural problems of the economic downturn that are affecting the choices of the young people in those of our communities that are most decimated by unemployment, such as an increasingly competitive job market that keeps them shut out, and a further education system that will see fewer opportunities for them after the SNP has made its debilitating cuts to colleges.

In a recent study, Professor David Bell of the University of Stirling talks of a "trade-down" generation, with today's graduates, who are faced with an increasingly difficult job market, taking on jobs in retail or services at minimum wage jobs that would otherwise usually have been done by those who had not been to university.

The burden of the economic squeeze has landed on the shoulders of young people who are on the first rung on the employability ladder. They have left school early without many qualifications or any work experience and have entered a job market where they are now competing for jobs against more highly qualified candidates and they cannot compete.

Little wonder, then, that unemployment among young people in Scotland is rising at a rate that is double that for 25 to 49-year-olds. Traditionally, for those who have left school early and want to boost their employability, there has always been the option of studying or training at college, but demand for college places has soared and the Educational Institute of Scotland reports that college courses are increasingly difficult to find.

Coupled with budget cuts of 40 per cent in real terms, which I have put to the cabinet secretary before, and college mergers with a predicted loss of up to 2,000 places at Angus College alone the college option is becoming harder and harder for young people to realise, leaving them with little option but to return to school. The rate of pupils staying on at school past the age of 16 has jumped from a relatively stable rate of between 77 and 79 per cent between 2000 and 2008 to 83 per cent last year the highest figure on record.

Immense pressure is being put on teachers to provide courses for such large numbers.

*The First Minister: Will Jenny Marra acknowledge that among the many recommendations of the Smith group is one that says that staying on at school is a good thing? Might that have something to do with this Government's determination to maintain educational maintenance allowance, which has been removed elsewhere in these islands?*

Jenny Marra: There are many who find the cuts to educational maintenance allowance quite debilitating.

It is good that some people are staying on at school, but it is not acceptable that others are not.

I will read to the chamber something that was posted on Facebook yesterday by the brother of Angus MacLeod. Labour members feel very strongly that this sums up the state of youth unemployment in our country. It is about a boy called Liam Aitchison, who died earlier this week. John MacLeod met him in late September as they waited for a ferry. John was returning from the Uist communion and ended up giving Liam a lift to Stornoway.

He said that Liam was,

"engaging, smart, funny, had quite a back-story, a strong handshake and was eerily old for his years ... he would hail me on the streets of town (usually to tap me for fags)."

Two weeks ago, they met up for lunch. John took reams of notes to get a CV together for him. He had a looming date before the sheriff for "some juvenile mischief" and they felt that finding Liam "a situation" or a job might help. John wrote that Liam "had ... lost weight in these weeks; looked rather flat and tired. Picked at his food; inexplicably declined pudding. 'I'll Facebook you,' he said; but he didn't".

Liam never touched Facebook or his mobile again.

John wrote: "Liam went missing a few days later. His body was found in a derelict shack by the edge of Stornoway yesterday ... a lad disadvantaged in many ways ... in life ... but who had worked hard in the Pollachar Inn and on four fishing boats, had earned six Standard Grades, was a drummer in Uist pipe band ... and who could play a bewildering range of instruments"

John said that Liam "completed the John Muir award in 2009 and was a keen cook".

He was not "a ned, a chav, a loser or a statistic". John described him as "a young man worth meeting". Liam was a young man who needed a job and who will never now realise that potential. Liam was 16 years old.



## Marlyn Glen : Pensions and 30<sup>th</sup>. November

The *"Daily Mail"* couldn't have put it better.

"State-owned Royal Bank of Scotland is to lavish around £500million in bonuses on its 'casino' bankers - despite a collapse in profits. Hundreds of traders and investment bankers who were bailed out by taxpayers at the height of the financial crisis are expected to walk off with pay and perks packages worth more than £1 million each. "The huge handouts will fuel fury at City greed at a time when politicians and religious leaders are speaking out about corporate excess." (7<sup>th</sup>. November this year )

This is what others have described as "Socialism for the bankers" while its obverse, "capitalism for the workers" will be the cause of a massive national demonstration on Wednesday. The moral debate is still about the reckless actions of those who were rewarded for failure, who required a large bonus simply to do their job, versus the rights of those who did not cause the financial crisis, but who are now being asked to work longer and to pay more to receive less of a pension as a result of it.

The political debate has been transformed into the hoary Tory myth of the "bloated" public sector with "gold-plated", "unaffordable" pensions paid for by the taxpayer, and of Labour's "rampant spending in office" , which was in fact vital to prop up the private banking sector from collapsing, an action repeated by other Governments .

Wednesday's action has been described as a "women's strike" and for good reason.

Almost two-thirds of public sector employees are women and when the public sector is hit hard by Tory cuts that are inevitably accompanied by punishing job losses, it's women who suffer the most in terms of jobs, pay and pensions. The Tory-led Government's belief was that the clear out of jobs in the public sector would be the signal for the private sector to absorb these redundancies by creating more jobs for those losing theirs in the public sector.

That has never happened in any large measure - nor was it ever likely to - but for those that this has affected, it's almost certainly meant a loss of pay for most of them. The gross hourly rate for full-time women in the public sector is on average around £4.20p an hour higher than in the private sector. The same rate for part-time female workers is on average £2.90p an hour greater in the public sector than in the private sector.

Added on to that disadvantage is what the TUC describe as " a growing gap between public and private sector pensions caused by the employer retreat from decent pensions in the private sector" Pension provision should include as one of its main objectives the levelling up of pensions in the private sector to those in the public sector. It's not about levelling down pensions in the public sector to the level of those in the private sector.

The claim about the "spiralling costs" making for unsustainable nature of public pensions is based on the belief that pension costs will absorb greater and greater costs as more and more people live longer. However, UK Government's Office of Budget Responsibility Fiscal Sustainability Report has already delved into the likely costs of pensions in the 2030s and the 2060s

It predicts that the cost of public pensions will have fallen to 1.8 per cent of the country's Gross Domestic Product by 2030 and will fall further still to 1.4 per cent by 2060. As for " gold-plated" pensions in the public sector, the average pension for women in the public sector is around £2,800 a year, and in the health service £3,500. Unions are angry about the claim of the Tory-led government that under their pension proposals, all those earning under £15,000 a year will see no increase in their pension contributions.

However, these figures refer to what a person would earn if they were working full-time in practice or in theory.

So a part-time worker earning £8,000 a year would not be exempt from increases in contributions because their "full-time pay" would be the equivalent of £16,000 a year, above the £15,000 threshold.

Employees face average increases of 3 per cent - a pay cut of 3 per cent by any other name - and the majority of these part-time workers are women.

Meanwhile, the TUC PensionsWatch reports that the directors of the top echelons of UK companies can expect average pension payments of almost £250,000 a year. The report indicates that the leading 362 directors have stored up final salary pensions worth on average £3.9 million each.

Is there a particular Scottish dimension to the pensions issue? The SNP Government believes that there is. It is to debate the issue of pensions in the Scottish Parliament on Wednesday. However, the entrance qualifications for anyone who wishes to participate in the debate is that they will firstly have to walk across the picket line at the Scottish Parliament

Scottish Labour MSPs will be absent en masse from the Parliament on Wednesday along with the Scottish Green MSPs. In his strong reproach of the SNP Government and its failure to listen to the voices of public sector unions to close down Holyrood next Wednesday, the Greens Parliamentary leader, Patrick Harvie, described it as " an utterly cynical move"

He went further:

"On November 30th, the country will see the strongest wave of coordinated action for generations, all to challenge the UK Coalition's ideological and counter-productive cuts. On that day, the SNP and the Coalition parties will sit together as an unholy alliance on the wrong side of the picket lines. Is this really what the SNP stand for now?

"No doubt there will be empty rhetoric from Ministers about supporting the right to strike – despite knowing that Parliament can only meet if employees and MSPs alike cross the picket lines.

"The SNP claim they're on the other side of the argument from the Tories and LibDems.

"Wrong.

"The picket line *is* the argument, and the SNP have picked a side, the same side as the parties primarily responsible for this brutal attack on pay and pensions.

"The unions have been very clear about how MSPs can support them – by joining them at pickets and rallies right across the country. That's the work we should be doing on November 30th."

Patrick Harvie is the leader of a very different political party from that other one that is also in favour of an independent Scotland.

The pensions issue, like so many others, has its roots in the financial crisis of 2008. Before then, the financial sector was revered for its "special place" in the economy and its "productive" risk-taking which entitled it to the jaw-dropping salaries and eye-watering bonuses.

However, Economics Nobel Prize winner Paul Krugman, puts it differently.

"It's hard to avoid the conclusion that, by and large, the members of the super-elite are overpaid, not underpaid, for what they do.

"Very few of them are Steve Jobs-type innovators; most of them are corporate bigwigs and financial wheeler-dealers. One recent analysis found that 43 percent of the super-elite are executives at nonfinancial companies, 18 percent are in finance and another 12 percent are lawyers or in real estate. And these are not, to put it mildly, professions in which there is a clear relationship between someone's income and his economic contribution.

"Executive pay, which has skyrocketed over the past generation, is famously set by boards of directors appointed by the very people whose pay they determine; poorly performing Chief Executives still get lavish paychecks, and even failed and fired executives often receive millions as they go out the door.

"Meanwhile, the economic crisis showed that much of the apparent value created by modern finance was a mirage. As the Bank of England's director for financial stability recently put it, seemingly high returns before the crisis simply reflected increased risk-taking — risk that was mostly borne not by the wheeler-dealers themselves but either by naive investors or by taxpayers, who ended up holding the bag when it all went wrong. And as he waspishly noted, 'If risk-making were a value-adding activity, Russian roulette players would contribute disproportionately to global welfare.' "



Richard McCready

## Reflections on the Day of Action on Pensions

1 December 2011

On Wednesday I joined thousands of others to march through the streets of Dundee to show my opposition to the changes to many public sector workers pensions. It was good to see so many people on the demonstration. It was disappointing that the demonstration was necessary.

Dundee West Constituency Labour Party unanimously made their views known about this issue.

I am sure that there were people present yesterday who were taking part in their first demonstration. It is clear that right across the country people were supporting this campaign.

The Prime Minister described Wednesday as a 'damp squib'. I beg to differ. I hope that there is a negotiated settlement which allows all workers dignity in retirement. I support a fair pension and dignity in retirement for all workers, whether in the public or private sector.

I hope that the Tory-led UK Government and the SNP-led Scottish Government, along with local government recognise that dignity in retirement and a fair pension are important.



Laurie Bidwell

## Concerns over method and starting date for refurbishment of Harris Academy

At the Education Committee last night Harris Academy was indirectly on the agenda.

The first item, The East Central Territory Hub, was about the arrangements for the continuing work to establish this organisation to procure capital projects such as new schools. Our immediate interest at the Education Committee in Dundee is the comprehensive refurbishment or replacement of Harris Academy.

The East Central Territory Hub covers the huge area bounded by the former Tayside and Central regional areas and within that territory it will procure all major building projects for the 6 local councils, Police, Fire and NHS. This new set up is the Scottish Government's

imposed way of purchasing capital projects like new buildings.

I hope something positive can come out of The East Central Territory Hub but I fear its been a giant smoke screen to disguise a lack of building projects from the SNP led government in Edinburgh. I am also concerned that it will lead to larger scale building contracts that will tend to exclude smaller local sub contractors based in the city.

Now a preferred Private sector Development Partner has been appointed, I had hoped that the rebuild of Harris Academy would be picking up from a snail's pace.

The work on Harris Academy was begun by a feasibility study instructed in the time I was Education Convener May 2007 - March 2009. The SNP led Scottish Government announced their first tranche of school building in late September 2009 over two years after coming into office and Harris Academy was our one and only city school on their list. Two years later, and a start on site before 2013 seems unlikely.

This is of course means that the SNP is millions of bricks short of meeting their manifesto pledge in the May 2007 Holyrood elections to match Labour's PPP school building 'brick for brick'. In Dundee, Labour's PPP programme built two new secondary schools and six new primary schools. In four years at Holyrood the SNP Government 2007/11 did not directly fund any new school building in Dundee.