

CHAPTER TWO

WHO RULES SCOTLAND?
NEOLIBERALISM, THE SCOTTISH RULING
CLASS AND ITS INTELLECTUALS

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Money rules, and the City dominates our lives, with a little help from the Prime Minister and the media.

—J G Ballard¹

One of the most important characteristics of any group that is developing towards dominance is its struggle to assimilate and conquer “ideologically” the traditional intellectuals, but this assimilation and conquest is made quicker and more efficacious the more the group in question succeeds in elaborating its own organic intellectuals.

—Antonio Gramsci²

Introduction

Scotland is ruled by *a* ruling class, but not necessarily by the “*Scottish* ruling class”. This is not just a matter of the far-reaching changes in Scottish society in the past three decades, particularly those unleashed on Scotland by the neoliberal regime of Thatcher, then heightened under Blair

¹ Ballard, “Seasons Readings”.

² Gramsci, “The Intellectuals”, 10.

and the Scottish Executive. Rather it is one of recognising that the important question here is not the national origins of those who rule Scotland, but that Scotland is ruled by a small minority of people who represent the interests of a minority class in society. But which society? Well there's the rub; the interpenetration of the global and UK levels with the specifically Scottish level of power and governance make this an inescapable but largely overlooked question. This chapter examines changes in the composition of the ruling class of Scotland over the past two decades, showing how it has changed, but also how the dominant ways of thinking about it—particularly those whose primary focus has been with the national question—have maintained by either omission or commission that neoliberalism has somehow passed Scotland by.

On the contrary, while it is the case that some of the more extreme elements of neoliberal governance experienced at the British level have not made the journey north, the differences are very much those of degree rather than type. We have not had Foundation Hospitals, City Academies or the routine appointment of corporate lobbyists, managers or owners as ministers and senior civil servants; but we have had significant marketisation in health and education, and an increase in the role of business in the governmental apparatus. One key reason for this is the degree to which the Scottish ruling class is increasingly integrated into transnational networks of power and governance. Thus the questions addressed here are historical (how did we get here from the relative calm of post-war social democracy) and conceptual (how should we understand the impact of globalisation and neoliberalism on governance and power in Scotland).

On neoliberalism

Neoliberalism is a doctrine which privileges the market as the driver of both political and economic decision making. “Unfettered markets are deemed both the essence of human liberty”, wrote Robert Kuttner, “and the most expedient route to prosperity.”³ It is a doctrine that by the early 1990s was hegemonic in the sense that it provided the operational logic or at least the guiding philosophy and ideology of global governance.⁴ Neoliberalism was put in place not only by market-led processes of capital

³ Kuttner, *Everything for Sale*, 3.

⁴ This is as opposed to having ‘become incorporated into the common-sense way many of us interpret, live in and understand the world’. See Harvey, *A Brief History of Neoliberalism*, 3. For more on this question see Miller, “Media Power and Class Power” and Enoch, “A Greener Potemkin Village”.

accumulation, as Neil Davidson shows, but also crucially by the conscious planned activities of a wide range of policy planning groups and think tanks and their allies.⁵ The story is reasonably well documented, if still not widely known. The creation, in 1947, of the Mont Pelerin Society of economists and other supporters of the market led to the creation and rise of a wide range of neoliberal think tanks in the US, UK and elsewhere. The emergence of global policy planning groups such as the Bilderberg Group, the Trilateral Commission and the World Economic Forum provided not just a forum for the exchange of ideas, but a means of co-ordination and planning. This nexus of advocates of neoliberalism, writes David Harvey, “now occupy positions of considerable influence”, in the universities, think tanks, the media corporate boardrooms and key state institutions, as well as in the institutions of global governance such as the IMF and World Bank.⁶ Furthermore, new legislation, trade agreements (NAFTA, FTAA, European Single Market), and institutions of governance (GATT, WTO) were brought about through these means.⁷

All of these changes have had significant and far-reaching impacts on how Scotland is run. Yet it is difficult to find any account in the social scientific literature which examines these effects, let alone attempts to understand their consequences for how we should understand processes of power and governance in Scotland. Most of those who write on Scotland ignore neoliberalism altogether.⁸ To be fair this is a pattern not dissimilar to writing on other “national” political systems, such as the UK, about which “very few studies” existed by the early 2000s, according to Colin Leys.⁹ Those that do refer to neoliberalism systematically misinterpret it as being confined to the free market policies advocated by the Conservative Party and their think tanks in the 1980s. Thus the policies of the main Scottish political parties post-devolution are thought to be in some sense post-neoliberal. Michael Keating refers to an attack on the policies of the Scottish Executive from the “neoliberal right”, by which he means Andrew Neil (former editor of the *Sunday Times* and of *Scotsman*

⁵ See Davidson, Chapter 1, section 2.2, in this volume.

⁶ Harvey, *A Brief History of Neoliberalism*, 3.

⁷ Sklair, *Globalization*; Miller and Dinan, *A Century of Spin*.

⁸ For example, the term “neoliberalism” does not feature in the indexes of the following books: Bromley et al, *Has Devolution Delivered?* Paterson et al, *Living in Scotland*; Paterson, et al. *New Scotland, New Politics?* Trench, *Has Devolution Made a Difference?*; Trench, *The Dynamics of Devolution*.

⁹ Leys, *Market Driven Politics*, 2. See also Farnsworth, *Corporate Power and Social Policy in a Global Economy*.

Publications) and the Policy Institute think tank.¹⁰ But this is to miss the sea change in mainstream politics that transformed the Labour Party into a party of big business between 1992 and 1997.¹¹ The Scottish Labour Party did not escape this process and all the other mainstream parties share the same basic assumptions, though it is clear that the SNP administration from 2007 has developed a version of neoliberalism which retains more of the vestiges of social democracy than the previous Labour/Liberal Democrat coalitions.¹²

This chapter is laid out in two main sections: the first examines the dominant school of thought on who rules Scotland; the second presents extensive empirical evidence of the nature of ruling class networks and how they are mobilised in practice in Scotland.

1. The debate on who rules Scotland

1.1 The history of the debate

One result of the lack of discussion or understanding of neoliberalism is that the question of “who runs Scotland” is inadequately posed—and largely focused on internal “Scottish” elites or on the influence of Westminster. Almost all of this has focused in particular on the political system narrowly conceived, with little if any attention to questions of economic power or of the impact in particular of corporate power. Bucking the trend, John Scott and Michael Hughes carried out the first, and so far only, book-length study of the development of Scottish capital, which does try to understand the relations between economic and political power. They offered a research agenda that has not been followed up. For example, they noted in their conclusion that there is a need to examine the “main lobbying forces involved in political decisions and...the extent of the involvement of Scottish businessmen in policy making, advisory and regulatory bodies”.¹³ This remains an urgent task some thirty years later and this chapter tries to sketch in some of the contours of that activity. It is of course central to the argument of this chapter that we are not only talking of “Scottish businessmen”. As well as there now being significantly more women in the higher reaches of business politics, there are significant numbers of those who are not “Scottish” as well as significant

¹⁰ Keating, *The Government of Scotland*, 194.

¹¹ Miller and Dinan, *A Century of Spin*, Chapters 6 and 7.

¹² Miller, “Corporate Power and the SNP Government”. See also Davidson, “In Place of a Conclusion”, in this volume.

¹³ Scott and Hughes, *The Anatomy of Scottish Capital*, 265.

numbers of “Scottish” business operatives active at the UK, EU, transnational and global levels on behalf of transnational corporations, whether or not these have a base in Scotland.

There has however been significant work on the power of business in political life in developed Western nations. The debate on the ruling class and business power in the 1970s and 1980s was between those—both pluralist and Marxist—who acknowledged the importance of business as the pre-eminent actor and those who saw more contention. David Marsh and Gavin Locksley, for example, argued in 1983 that although it is clear that capital does not necessarily have “simple, consistent and coherent interests which are always inevitably and directly reflected in the decisions taken by government”, it is clear that “capital is different” from other interest groups in that it can exercise both structural and direct political power. “Capital is not”, as they conclude, “the first among equals; its power is qualitatively and quantitatively different”.¹⁴

Since then two tendencies have been evident. First, a rapid evacuation of the territory by social scientists as they turned their attention elsewhere under the impact of postmodernism and the cultural turn.¹⁵ Second, an emerging agreement among most of those who remained studying business power that the power of business had increased in the 1980s and 1990s.¹⁶ This was so even for those social scientists who approved of business power and who openly supported it in their writings.¹⁷ But the emergence of the debate on the transnational corporations on corporate-led globalisations and neoliberalism has opened the way to significant new work on corporate power, even if there is still a lot of territory to cover. The view expounded here, as in the other chapters, is that Scotland is no different from other advanced nations in that it has not been able to resist and stand aloof from the globalising economy. The catalogue of industrial gloom of the 1980s is testament to that as is the track record of industrial militancy when trans-national corporations decide to pursue more profitable activities elsewhere, as shown by the examples of the UCS work-in, Timex, Caterpillar and more recent examples such as the Simclar

¹⁴ Marsh and Locksley, “Capital”, 50.

¹⁵ For a critique of postmodernism and post structuralism, and accounts of their effects on a variety of social science disciplines, see Philo and Miller, *Market Killing*.

¹⁶ Apeldoorn, “The European Round Table of Industrialists”, 200.

¹⁷ See, for example, Greenwood, “Conclusions”, 285-286 and Grant, “Globalisation, Big Business and the Blair Government”.

occupation in 2007.¹⁸ The argument outlined here is that the dominant strands of social science and political debate on the state of Scottish politics and economics are unable to focus on neoliberalism in part because they have found themselves caught up in its legitimation. The orientation of most intellectuals in Scotland has been firmly within the boundaries of authorised dissent.

On the question of the ruling class itself, there is an ongoing debate in social science which, over the past decade at least has been preoccupied with the effects of globalisation on the national “ruling class”, in particular with whether a transnational capitalist class had emerged or is emerging. It is plain that any account of a “ruling” or “capitalist” class, or even of “power elites” in Scotland must deal with the questions raised by this debate. As we will see however, there has been a distinct lack of engagement with this debate even at the level of the discussion of political or power elites.

1.2 The dominant account

In Scotland, the main lines of the debate have been formed by the national question: the extent to which Scotland is distinct and the question of its relative autonomy from England. Thus the following argument from David McCrone:

Key groups in the Scottish class structure have dissented from the values of the Anglo-British state and of market liberalism to the extent that new political arrangements within that state grow increasingly likely.¹⁹

We can agree with McCrone’s sentiment about the Anglo-British state and admire the prescience of his anticipation of a Scottish Parliament that the school of academics to which he belongs did much to encourage. But the problem here is a conflation of the debate on devolution with a rejection of market values, which has focused attention elsewhere while neoliberal reforms marched ever deeper into the Scottish body politic. McCrone for example claims that the corporatist network in Scotland and the strength of civil society help to explain why the “Thatcherite strategy” has “proved to be less popular among the governing classes of Scotland as well as among the population more generally”.²⁰ And again, that the “radical reassertion

¹⁸ Foster and Woolfson, *The Politics of the UCS Work-in*; Woolfson and Foster, *Track Record*.

¹⁹ McCrone, *Understanding Scotland*, 125.

²⁰ *Ibid*, 138.

of reductionist individualism” of the Thatcher government had “by the early 1990s...run its course”.²¹

It is always unwise to judge an epoch which may only be starting from the present and hindsight is indeed a wonderful tool of analysis; but these claims really do exemplify the problem. When McCrone’s book was published in 1992 the most reactionary Chairman of the Scottish Conservative Party ever to fill the post had been in office for three years. He went on to become Scottish Secretary in 1995, before being voted out along with all other Tory MPs in Scotland in the 1997 general election. Notwithstanding the extent to which Forsyth was domesticated by Tory patricians, civil service wives or the sheer force of opposition from “civil society”, the Thatcher approach and the neoliberal winds were only to blow more strongly with the election of Labour government in 1997 and even after the creation of the Scottish Parliament in 1999.

This was not just because the Labour Party had between 1992 and 1997 become a party of big business.²² It was also a process unleashed by the neoliberal reforms of the 1980s, in particular the deregulation of the City in 1986 (in the so called “big bang”) and its subsequent dominance of British politics. Lobbying by the financial industry and the financialisation of the economy meant that economic power was increasingly brokered, where not directly controlled by the stock market and the financial sector, and that elements of capital were able to move more rapidly or—sometimes as important—threaten to move. Put this together with a New Labour government that had declared itself the ally, indeed almost the agent of big business and one begins to see a part of the story, but only a part. This all took place against the backdrop of the rise of global capital as a political actor.

Globalisation did not just pop out new-born from the womb of the power of financial capital, as some seem to assume, and neither did it pass Scotland by. On the contrary, every ruling class:

...is compelled, merely in order to carry through its aim, to represent its interest as the common interest of all the members of society...it has to give its ideas the form of universality, and represent them as the only rational, universally valid ones.²³

²¹ Ibid, 142.

²² Miller and Dinan, *A Century of Spin*, Chapters 8 and 9; Osler, *Labour Party plc*; Ramsay, *The Rise of New Labour*.

²³ Marx and Engels, *The German Ideology*, 40-1.

As it was in 1845 when these words were written, so it is today. Part of the strategy of today's ruling class is to present globalization as unstoppable. "Globalization is not just inevitable—though it is that—it is a good thing", said Tony Blair.²⁴ But Blair's account leaves out the fact that:

Globalization...is thought out, organised, managed, promoted, and defended against its opponents by identifiable groups of people working in identifiable organizations.²⁵

The resistance to neoliberalism in Scotland is not the same as resistance to Anglicisation, but McCrone's analysis constantly returns to the question of the relations between Scottish and English elites. He talks of the Scottish economy as "fairly independent" from England, of Scottish capital having "less autonomy", of foreign and English capital playing "a much greater role" and of their "growing significance" in Scotland.²⁶

To mistakenly assume an identity is one of the factors that have left this analysis bereft of the tools for understanding neoliberalism. Though it is not in the index of his book, the term is used by McCrone in discussion of "neoliberal free market values", but only to highlight the inhospitable welcome that they received from their "natural" Scottish host the "indigenous bourgeoisie".²⁷ It is correct to insist that Scottish elites "cannot simply be subsumed into those of the British state or capital", but neither can they be kept artificially separate from them. In fact the frame for this should be a good deal wider—the question is about how the class that rules Scotland is interpenetrated not just by the "English" or "British" ruling class, but the transnational organisations of capital. The auld sang of the relation between class and nation in Scotland and in relation to Britain is not so much a stuck record as an entirely unplayable recording surpassed by several generations of new technology. There are identifiable people who run Scotland, but they don't all live or work in Scotland or even in Britain. Furthermore, as we shall see, some of those who do live and work in Scotland are also fully integrated into transnational business and business lobby network at the UK, EU, US and global levels.

McCrone argues that the "class structure has become more complex and opaque, reflecting changes in ownership and control of material assets and in the nature of occupations".²⁸ As a result, "elites" have "become

²⁴ Blair, "Blair on Sustainability Summit".

²⁵ Sklair, *Globalisation*, x.

²⁶ McCrone, *Understanding Scotland* (1992), 134, 135, 136.

²⁷ *Ibid.*, 143.

²⁸ *Ibid.*, 125.

more diverse, diffuse and defensive in the course of this century”. It makes little sense in this analysis to refer to any kind of ruling class. “We will not assume”, writes McCrone:

...these groups to be a ruling class because their material and cultural interests are frequently quite diverse and unintegrated. Their rule has been partial rather than hegemonic, relating to special spheres of influence and power which have waxed and waned.²⁹

It is not “assumed” that there is a ruling class in the current argument, rather the data shows how Scotland is run, in terms of the structure of power, its implementation via both market and political decisions, and in terms of outcomes, at the levels of both decision making and the distribution of resources and inequality.

We have two differences with the argument here. First, we do not operate with a conception of class based on occupation.³⁰ Second, because the model of integration used by McCrone is too focused on the national question, it overplays the unity of civil society, fails to understand that devolution and class power are not necessarily antithetical (witness the support for independence from elements of the capitalist class), and overestimates the social democratic nature of the Labour Party—indeed, totally fails to see the neoliberal character of the rule of the Scottish Executive/Government. Here McCrone makes the point repeatedly:

...in the last three or four decades, Scotland has moved steadily away from the ethos of market liberalism, and the reductionist model of human nature which underpinned it. ... The attack on the state in Scotland came to be viewed as an attack on the country itself. Finally, changes in the composition of Scotland’s class structure weakened the social interests attracted to the ideology of neoliberalism and strengthened social strata sympathetic to collectivist and “organic” principles.³¹

The political culture of Scotland writes McCrone “decisively rejected the crude reworking by the New Right” of the views of Adam Smith and became “deeply at odds with the tenets of Thatcherism and the Anglo-British state”.³²

At root the problem with this kind of analysis is that it ignores the specific class content of Thatcherism—seeing it almost as a nationalist

²⁹ Ibid, 125.

³⁰ See Law and Mooney, Chapter 3, in this volume.

³¹ McCrone, *Understanding Scotland* (1992), 144.

³² Ibid, 144-145.

project. The neglect of class is even more striking in the account given of the resistance to Thatcherism, which is referred to in places as the views of “Scotland”, as if class antagonisms in Scotland were erased by the opposition to Thatcher and as if that opposition did not have specific class content.

This kind of analysis (from McCrone’s classic 1992 work *Understanding Scotland*) has not been repudiated by McCrone or by his long term collaborators in the Edinburgh School. But they have had to use some nimble footwork to explain the contradictions. In the second edition of McCrone’s book, published in 2001, the question of power seems to be downplayed. The chapter “Who Runs Scotland” was no longer there, instead elements of the material were redistributed in two other chapters. McCrone notes that this “does not imply that this is no longer an important question”.³³ It is, however, difficult to resist the temptation, since there is no longer any explicit answer to the question of who rules and, in the intervening years, neoliberalism had made great strides in Scotland: McCrone appears not to have noticed.

In a later piece from 2002, McCrone’s collaborator, Lindsay Paterson, attempts to explain the differences between “Blairism” and what is termed “Scottish Social Democracy”. The latter phenomenon is thought to encompass all the mainstream parties except the Conservatives. The first issue that can be raised is whether there is any such thing as social democracy in Scotland in the terms Paterson describes it. “There was”, he writes, “nothing bogus, ephemeral or incoherent about Scottish support for various notions of ‘community’ in the 1980s and 1990s”.³⁴ Quite so, but the problem seems to be that Paterson cannot distinguish between Scottish public opinion and the views and actions of Scottish governing elites—the ruling class. Indeed he repeatedly describes the alleged Scottish distinctiveness in national terms as the “dominant Scottish social philosophy” or ascribes sentience to the nation in formulations such as “Scotland inclines to the view”.³⁵ He predicted that the outcome of the 2003 election would depend on whether Labour or the SNP best “stands for Scotland”, as opposed to people voting on a variety of issues—most notably, in the event—issues to do with the war in Iraq (a significant factor in the election of Socialists and Greens to the Scottish Parliament) and on questions of poverty, inequality and class as well as, no doubt, of the “national” question.

³³ McCrone, “Introduction”, 3.

³⁴ Paterson, *Scottish Social Democracy*, 116.

³⁵ *Ibid.*, 121, 125.

Paterson writes as if the “settled will” of the Scottish people on devolution is all there is to politics. This leads to the too easy assumption that “Scotland” exists in some balmy cross-class unity. There is little scope for imagining a Scotland riven with class division and inequality and neither is there any scope for understanding that the views espoused by political and economic elites might be somewhat divorced from, and not always able to recuperate, the Scottish electorate. Only by making this forced unity between the Scottish governing class—in tune with the Scottish philosophy and by implication in tune with the Scottish people—could he be so surprised by the “paradox” of the support for devolution on the one hand and the “growing contempt” for politicians in Scotland on the other. This is a paradox which is part of the tension between “individualising trends” and “apparent communitarianism” and is even more “puzzling”—made “all the more difficult to understand” given that the genesis of the campaign for devolution came from the left and “60s radicalism”.

But it is only difficult to understand if everything is reduced to the common denominator of devolution and “national” politics and if one continues to think of the forces represented by New Labour in the UK and in Scotland as somehow social democratic. Paterson plumbs surreal depths in saying that Gordon Brown remains a “radical” figure, when by this point he had already been the chair of the International Monetary and Financial Committee of the IMF for two years at the forefront of forcing neoliberal reforms on the developing and developed world and five years after his first act as Chancellor was to marketise the Bank of England.³⁶ Yet he caps this by referring to the development of the “decentralising socialist ideas” which led to devolution as being developed by figures such as Wendy Alexander. Alexander is of course one of the pre-eminent neoliberal ideologues of the political class to whom we will return later. It is as if these writers have become mesmerised by the political rhetoric of New Labour, taking it at face value. But as in the case of Clinton and, even more obviously, the ANC regime in South Africa, they have failed to notice that the rhetoric often couched in social democratic-like terms is a means of delivering the neoliberal practice. This is memorably summarised by the South Africa-based writer Patrick Bond as “talk left and walk right”.³⁷

³⁶ Harman, “Gordon Brown: the Economic Record”; International Monetary Fund, “Communiqué of the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund”; Miller, “The Brown Deception”; Newsinger, “Gordon Brown: from Reformism to Neoliberalism”.

³⁷ Bond, *Talk Left Walk Right*.

Paterson makes the bland statement that Scotland is (“puzzlingly”) joining the distrust of politics which are “common phenomena across Europe”. In fact it is the political systems that have advanced furthest down the neoliberal road that have the lowest voter turnouts. The US and UK are the pre-eminent examples. Voting rates in Germany, by way of contrast, have remained high—as high in fact as they were in the mid-twentieth century.³⁸ Furthermore the three constituencies with the lowest turnouts in UK elections are also the three most deprived constituencies in the country. All of these are Scottish constituencies and all are in Glasgow.³⁹ Shettleston had the lowest turnout at 40.6% in the first Scottish parliament elections falling to just 35% in 2003. A similar picture obtained in Maryhill and Springburn.⁴⁰ At best this suggests those with the least to gain from the political system are least likely to vote—in other words, there is a relationship between the heightened concentration of power and the increasing alienation of those outside the charmed circle.

It is a sure sign of a “nation-centrist” approach that leading sociologists of Scotland can analyse changes in Scotland only in terms of how they affect Scots and then largely in terms of economic “growth”. To conclude that “for eight out of ten people Scotland is a better place to live than 25 years ago”, is quite breathtaking.⁴¹ This fails to understand the dynamics of neoliberal globalisation and the need to “engineer consent” for the system. Most notably it also fails empirically in that the debt-financed nature of what prosperity there was seems to have eluded these authors. The breakdown of political legitimacy, shown most notably by the decline in political participation, but also by the opposition to the war in Iraq and to market friendly policies, appear to the dominant school as unintelligible. But in reality the significant redistribution of wealth from the poor to the rich has had real impacts on the poorest communities in Scotland. The poorest 50 per cent owned 10 per cent in the mid-1980s; they now own 6 per cent. Meanwhile the proportion of wealth held by Britain's richest 10

³⁸ The turnout in the 1949 Bundestag election was 78.5 per cent. Since then, there has been some variation, but in 1998 and 2002 it was higher (1998: 82.2 per cent; in 2002, 79.1 per cent; 2005 77.7 per cent). For further information on German election results see: The Federal Returning Officer, Elections to the German Bundestag. 2009. Available at: <http://www.bundeswahlleiter.de/en/bundestagswahlen/>

³⁹ BBC News Online, “Scottish City is UK's 'Most Deprived’”.

⁴⁰ BBC News Online, “Bid to Increase Voter Turnout”; Swanson, “Labour Limp Home”.

⁴¹ Bechhofer and McCrone, “You’ve Never had it so Good”.

per cent rose from 47 per cent to 54 per cent during the 1990s, according to a New-Labour friendly think tank.⁴²

To our shame, men in Shettleston in Glasgow die younger than anywhere else in Britain. The Child Poverty Action Group reports that:

...at 63, life expectancy is 14 years less than the national average. It is also nearly 18 months shorter than a decade ago—Britain's first reduction in lifespan since the Second World War.⁴³

This is of course the result of a government containing “radicals” such as Gordon Brown and people who were at least formerly allegedly “socialists” and are today apparently “social democrats”, such as Wendy Alexander.

The dominant view amongst the leading social scientists of Scotland rejects the idea of a ruling class. Instead it insists that power is more diffuse. It rejects radical accounts that focus on the concentration of power. At the theoretical level it claims that, to show that a ruling class exists it is necessary to show that there exist the means for those in power to organise collectively and that they then put that potential to work. Matthei Dogan, one of the strongest critics of the notion of a ruling class, states:

There could not be a capitalist class without a strong network among capitalists. If big corporations pursue their objectives, each one separately without co-operating or defending common interests, then we are in the presence of capitalists, who may be powerful, but not of a ‘class’.⁴⁴

If there is little evidence to support such an argument then claims about the existence of a ruling class integrated into international corporate networks would fall. Those who reject the idea of a ruling class regularly insist on empirical verification. Taking up that challenge the rest of this chapter takes a relaxed view on the theoretical question of the ruling class and provides significant empirical evidence on the ruling networks and their practical political activities. As a result those who maintain that capital does not rule, that neoliberalism does not mean corporate power, must now show that the connections outlined here either do not exist or are somehow meaningless.

⁴² BBC News Online, “Inequality ‘Rising’ under Labour”.

⁴³ Smith, “You’ll be Lucky to live to 60 here”.

⁴⁴ Dogan, “Introduction”, 5.

2. The reality of the ruling class in Scotland

In what follows I will argue that Scotland is run by a nested ruling class network based only in part in Scotland, and that the economic and political decisions which affect Scotland are also made in London, in the US, at the EU, the IMF, the World Bank and the WTO. Those who run Scotland and who are concerned with how Scotland is run are active at these differing levels. McCrone, as we have noted, is one of the few to examine this question explicitly. Keating makes a similar argument, stating that: “Scotland does not yet have a self confident business community...and has still to find a coherent voice in the new system.”⁴⁵

Contrary to the picture painted by the Edinburgh School neither the ruling class nor the business community which forms its central axis are divided or loosely co-ordinated. Divisions certainly exist between corporations and industrial sectors in competition with each other. There are also real divisions on questions of class-wide interests and tactics such as an orientation towards the neoliberal agenda of the European Union or a contrasting preference for British “national” interests or allegiance to US imperialism (manifesting most obviously in neoconservative ideology). Empirical examination of the actual networks and their activities and policy positions is important to understand the practical unity and division on questions of relevance for the whole class. In other words these debates require settling not by prescription and ideology but by empirical analysis—a position the Edinburgh School claims to sign up to, but has failed to carry out.⁴⁶ In fact, Scottish business elites are closely networked with each other and with other fractions of the ruling class—in particular with the political class and the intellectuals (including academics) in Scotland. This is not too surprising as a similar picture obtains in other western nations. In Canada, for example, Carroll argues that the “the corporate elite constitutes the leading edge of a ruling class, that though a small minority of the Canadian population, actually extends far beyond the population of leading corporate directors”, also encompassing intellectuals and other associated professionals such as lawyers, consultants and

⁴⁵ Keating, *The Government of Scotland*, 72.

⁴⁶ There have been studies of elements of what are described as “Scottish elites”, to which McCrone and others have contributed, but in a strikingly parochial way in that it only examines “Scottish” elites rather than those that run Scotland. See, for example, McCrone and Morris, “Lords and Heritages”. It perhaps goes without saying that the notion of a “ruling class” is entirely absent. The closest we get is Tom Devine’s reference to Scotland’s “dominant classes” in the plural. See Devine, *Scottish Elites*, v.

academics.⁴⁷ It is widely known that Western societies have been subject to a process of neoliberalisation—often described in book-length studies using phrases such as “corporate takeover”.⁴⁸ Meanwhile in Eastern Europe the transition from the Soviet system to the free market has been accompanied by the creation of similar networks and in particular by the standard neoliberal signature of blurring the boundary between public and private and the progressive undermining of accountability and other classic liberal-democratic “checks and balances”.⁴⁹ At the same time it is widely acknowledged that globalising processes have at least to some extent led to regional or global governance reforms favouring free markets and transnational corporations.⁵⁰

2.1 The networking flex groups of the Scottish ruling class

These networks exhibit specific patterns of interconnection which have emerged and solidified, though constantly reproducing as a result of the transformation from a broadly social democratic political order to one characterised by neoliberal forms of governance. It is clear that the “rise of business political activity” has been closely associated with this, and that global and national restructuring has come about as a result in part of the rise of “policy planning organisations”.⁵¹ These new networks have been described by anthropologist Janine Wedel as “Flex networks”, a term that helps:

...to capture the members' facility for manoeuvring between government and private roles plus their skill at both relaxing the government's rules of accountability and businesses' codes of competition and at conflating state and private interests. The essence of these groups is that the same collection of people interacts in multiple roles, both inside and outside government, and keeps resurfacing in different incarnations and configurations to achieve their goals over time.⁵²

⁴⁷ Carroll, *Corporate Power*, 4-5.

⁴⁸ Monbiot, *Captive State*; Clarke, *Silent Coup*; McBride and Shields, *Dismantling a Nation*; Vogel, *Fluctuating Fortunes*.

⁴⁹ Wedel, “Blurring the State-private Divide”.

⁵⁰ Carroll, *Corporate Power*; Marchak, *The Integrated Circus*; Robinson, *A Theory of Global Capitalism*; Sklair, *The Transnational Capitalist Class*; Teeple, *Globalization and the Decline of Social Reform*.

⁵¹ Beder, *Suiting Themselves*; Peschek, *Policy Planning Organizations*; Useem, *The Inner Circle*.

⁵² Wedel, “Flex Power”. See also, Wedel, “Blurring the State-private Divide”.

Wedel's own empirical research on the transition from "communism" to capitalism in Russia and Eastern Europe informs her analysis, which she then began to apply to existing neoliberal regimes through her analysis of the role of Western intellectuals and consultants, particularly from Harvard, in the transformation of the Russian economy.⁵³ She writes:

...two-thirds of the people doing work for the federal government aren't on the government payroll. A diverse set of private organizations—companies, consulting firms, NGOs, think tanks and public-private partnerships—do more of the federal government's work, measured in terms of jobs, than civil servants do. Private contractors write budgets, manage other contractors, implement policy—and sometimes essentially make it as well. And while contracts are on the rise (driven in part by the demand for military, nation-building and homeland-security services), the number of civil servants available to oversee them is proportionately falling. Meanwhile, private contractors are often subject to more relaxed rules governing conflicts of interest than civil servants would be.⁵⁴

Wedel goes on to note that the problem with flex groups is:

...they are ultimately unaccountable to the public. In pursuit of their vision—or of the bottom line—they do not burden themselves with what are fast becoming the old rules. A flex group can use the ambiguity of its members' roles to its advantage, making their activities difficult to define, let alone monitor. In this lies the potential for corruption or abuse of power. Yet our system of government today is providing increasing opportunities for such groups to arise.⁵⁵

What does this mean in Scotland? We have seen the emergence of new networks of power, and of new alliances between the corporate elite and the political apparatus. We can illustrate this by examining the connections of key members of the corporate elite both vertically from Scotland to the global level and horizontally across Scottish political culture. The next section will show that:

- “Scottish” corporations are run by people from both in and outside Scotland.

⁵³ Wedel, *Collision and collusion*; Wedel “The Harvard Boys do Russia”.

⁵⁴ Wedel, “Flex Power”.

⁵⁵ *Ibid.*

- “Scottish” corporate owners and controllers also run companies outside Scotland and are networked within UK, European and Transnational lobby networks.
- Scottish political, economic and cultural elites are inter-networked
- Corporate elites have penetrated political and cultural networks via a structured pattern of patronage and institutionalised connections.

This is not just a matter of corporate board interlocks. These are important, but it is also the interlocks between corporate board members, specifically on class-wide lobby groups, that are crucial to understanding both how neoliberalism has arisen and how it reproduces itself. But once we have shown how the ruling class is connected and networked within Scotland, as well as integrated into UK, EU, US and global networks, we also need to show how the power that this brings is brought to bear in a nested nexus of influence opportunities. This is important because it is clear that power is exercised as a wide variety of locations and not just at the level of the Scottish Parliament or Scottish Government. Thus, think tanks and lobbyists working in Scotland for sectional advantage or class-wide privilege are merely the local end of a much more complex and extensive network for pursuing interests. It is this extended network which needs to be kept in mind when examining any specific element of corporate influence.

First we will look briefly at the largest corporations active in Scotland, noting in particular the networked nature of their boards of directors. Then we will take four cases of leaders of Scottish based corporations and examine how they interlock with transnational corporate boards and a range of, specifically class-wide, UK, EU and global lobby groups. This will be followed by a discussion of the political activities of the corporations in Scotland including their lobbying activities, their relations with the Scottish Parliament and with the Scottish Executive/Scottish Government.

The top 10 corporations in Scotland in 2004 were dominated by the big transnational financial corporations (Royal Bank of Scotland [RBS], Halifax Bank of Scotland [HBoS] and Standard Life) and by companies that were privatised or emerged as a result of the first wave of neoliberalism under the Thatcher and Major administrations (Scottish Power, Scottish and Southern Energy, FirstGroup) (see Table 2:1). All of these have since become transnational corporations. These corporations are at the centre of power in Scotland, more so than traditional

corporations engaged in the production, distribution or sale of goods. This can be seen from their involvement in class-wide organisations. However, it is also clear that there are a number of corporations which are certainly not “Scottish” in any meaningful sense, but which, having significant operations in Scotland, are also politically active in relation to Scotland. Thus corporations such as BP are well networked. In terms of the traditional concern of social scientists with the “Scottishness” of the corporations there has been a wholesale transformation. This is not a question of “English” or “foreign” control but rather of the further transnationalisation of the corporations. By 2009 four of the companies in the top ten in 2004, had ceased to be in the top ten as they were no longer headquartered in Scotland, but in England (HBoS, acquired by Lloyds Group), Holland/Denmark (Scottish and Newcastle, acquired by Heineken/Carlsberg), Spain (Scottish Power acquired by Iberdrola) or France (British Energy acquired by EDF) (see Table 2:1). A further three in the top ten in 2009 are actually Scottish headquartered subsidiaries of transnational corporations (Scottish Widows–Lloyds TSB Group, England; Total Upstream UK–Total, France; Chevron North Sea–Chevron Corporation, US). To emphasise this point we should also note that several of the top “Scottish” firms have in the past few years become more transnational by acquiring companies based in other countries such as the RBS disastrous take over of ABN-AMRO, the Bank of Scotland merger with Halifax, the Scottish Power take over of Pacificorp in the US in 2000, subsequently creating PPM Energy based in Portland, Oregon.

The most transnational corporations are the most integrated into the global corporate network. Of the top ten Scottish corporations based in Scotland at the beginning of January 2009 the corporations with the least director interlocks on their boards are companies mainly based or operating in Scotland (Scottish and Southern Energy, Scottish Widows and FirstGroup). In total their board members are interlinked with 158, 105 and 246 other directors respectively.⁵⁶ This compares with the more networked corporations which have the following connections: RBS 587;

⁵⁶ Figures compiled from the *Business Week* “Company Insight Centre” database: <http://investing.businessweek.com/research/company/overview/overview.asp>. It should be noted that connections in the *Business Week* database include connections on the board of the main company any given individual is associated with. Thus a member of one corporate board of 11 people will have 10 connections. Totalling connections for any given company will count each connection to other members of the same board, with the result that the connections are inflated, such that a board of 11 would entail 100 less unique connections than the total figure given.

HBoS 405; Standard Life 499; Total SA 580; British Energy 409; Aegon 556; Chevron 1226. However, even a company like FirstGroup or Scottish Widows is connected to the international corporate elite. FirstGroup's Martin Gilbert, for example, has 108 connections with other directors in 21 different corporations across 4 different industries. Gilbert is the Chief Executive Officer and Executive Director at Aberdeen Asset Management plc and "divides his time between Aberdeen, where the business is headquartered, and London, as well as overseeing the international operations of the group". Gilbert was recently appointed Adjunct Professor of Finance at Imperial College's Tanaka Business School in London.⁵⁷ At the least networked company, Scottish Widows (a subsidiary of Lloyds Group), the chief executive Archibald Kane sits on boards with directors from the following companies:

- Citigroup, Inc.
- Tambrands Inc.
- UBS AG
- United Utilities Group PLC
- British American Tobacco plc
- TPG
- Marks & Spencer Group plc
- Guardian Media Group plc
- Great Portland Estates plc
- P&O Nedlloyd Container Line Ltd.
- Lloyds Banking Group plc⁵⁸

These links are with some UK headquartered corporations, but also notably with US based transnational companies in a range of industrial sectors (consumer goods, agriculture, transport, utilities, retail, property, communications) in addition to banking and finance. Turning to the links of four key power figures in corporate Scotland we can further note the integration of the biggest companies in Scotland into the class wide transnational lobby groups

Let us start with the example of Peter Sutherland, who has been on the board of RBS since 2001.⁵⁹ According to William Carroll and Colin Carson's network study, Sutherland was in the late 1990s one of the six

⁵⁷ *Business Week*, "Executive Profile: Martin James Gilbert".

⁵⁸ *Business Week*, "Executive Profile: Archibald Gerard Kane".

⁵⁹ Royal Bank of Scotland, "Our Board".

most central members of the Transnational Elite.⁶⁰ His career includes many different stints in leading corporate and governmental positions, all taking him closer to the centre of the “inner circle” of the transnational elite. As well as his role on RBS, Sutherland exerts direct power in Scotland through his role with BP where he was appointed chairman in May 1997, having been a non-executive director and deputy chairman since July 1995. He has also been Chairman of Goldman Sachs International since 1995. His other corporate positions include board membership at Telefonaktiebolaget LM Ericsson, Investor AB and ABB. Sutherland’s power is indifferent to national boundaries, calling in January 2009 for the UK to enter the Eurozone.⁶¹ In addition to these corporate positions Sutherland is on the steering committee of the Bilderberg Group, is the European Chair of the Trilateral Commission a Foundation Board Member of the World Economic Forum, and Vice-chairman of the European Roundtable of Industrialists, an invite only CEO level lobby group.⁶² Together these are perhaps the four most important class wide transnational corporate lobby and policy planning groups responsible, amongst others, for the neoliberalisation of national and transnational governance.⁶³ Sutherland is on the International Advisory board of the intelligence-connected London based Centre for European Reform and of the New York based Council on Foreign Relations, among a host of other think tank and policy appointments. In 2007, he became a member of the advisory group to Jose Manuel Barroso, the President of the European Community, on energy and climate change issues.⁶⁴ Before these appointments he was the founding Director-General of the World Trade Organisation, having previously served as Director General of GATT since July 1993 and was instrumental in concluding the Uruguay GATT Round Negotiations, which were key to opening global markets to the corporations. Prior to this position, he was successively the Attorney General of Ireland (1981-early 1982 and again 1982–1984); a European Commissioner (1984-9); in charge of Competition Policy; Chairman of Allied Irish Bank 1989-1993 and director of BP 1990-93.⁶⁵ An indication of the linkages between the corporate class and institutions of higher education is that in January 2008, Sutherland was appointed Chairman of

⁶⁰ Carroll and Carson ‘Forging a New Hegemony?’

⁶¹ O’Grady, “BP Chairman Leads Calls for UK to Join the Single Currency”.

⁶² Escobar, “Bilderberg Strikes Again”.

⁶³ Miller and Dinan, *A Century of Spin*, Chapter 6; Peschek, *Policy Planning Organizations*; Beder, *Suited Themselves*.

⁶⁴ BP, “Peter Sutherland”.

⁶⁵ For more details on Sutherland, see Spinprofiles, “Peter Sutherland”.

the London School of Economics Court and Council.⁶⁶ This is a recurring pattern, as we will see.

Also at RBS until 2005 was one of the (slightly) increased numbers of women amongst the corporate elite running Scotland. In 2003 Eileen Mackay was named the 12th most influential woman in Scottish business by the *Sunday Herald*.⁶⁷ She was a non-executive Director of both the Royal Bank of Scotland Group plc and Edinburgh Investment Trust plc (1996-2005) and on the board of Scottish Financial Enterprise, which, despite its name, is a corporate lobby group and not part of government. Mackay's career exemplifies the blurring between private and public sector typical of neoliberalism, having been one of the UK's highest-flying mandarins, holding posts in Scotland (Principal Finance Officer at the Scottish Office), the Treasury and the Cabinet Office. Mackay left the civil service in 1996. Her connections with corporate lobby groups, think tanks and, in particular, with elite education related bodies is another indication of the myriad connections between the corporate elite and intellectuals in the Universities. For example she is chair of the trustees of the David Hume Institute, a Thatcherite think tank based inside Edinburgh University. Since 2005 it has been directed by Jeremy Peat, the former Group Chief Economist at the RBS. His previous career, like that of Mackay, was in the civil service—he was an economist at the HM Treasury and the Scottish Office. Unsurprisingly perhaps, the Institute is funded by, amongst others, RBS, HBOs and Standard Life, the three largest corporations in Scotland. Mackay is also involved with elite learned/academic bodies. She is a trustee of the Carnegie Trust for the Universities of Scotland (where she chairs the audit committee), a Fellow of the Royal Society of Edinburgh and a member of its Science Centre and Society Steering Group.⁶⁸ Mackay is also a Board Member of the British Library (to represent Scotland), on Scottish Ballet's Tramway Appeal Committee, a fellow of the Royal Scottish Geographical Society, the Chartered Institute of Bankers of Scotland and the Royal Society of Arts.⁶⁹ Previous appointments include the Economic and Social Research Council, where she had oversight on the main social science funding body in the UK; the Court of the University of Edinburgh;⁷⁰ the Accountancy Foundation Review Board and Scottish Screen. She was also a member of the Commission on Local Government and the Scottish Parliament—an

⁶⁶ BP, "Peter Sutherland".

⁶⁷ Mackay, "CV of Lady Russell".

⁶⁸ For more details, see Spinprofiles, "Eileen Mackay".

⁶⁹ Mackay, "CV of Lady Russell".

⁷⁰ Burnside, "Success to the Power of Two".

oversight role which once again blurs the line between the private and public sectors.⁷¹ One reason Mackay curtailed her civil service career was reportedly because of possible conflicts of interest with husband Sir Muir Russell following his promotion to head of the Scottish Office. Later, when Russell was appointed principal of Glasgow University, reports suggested that she might step down from the Court of Edinburgh University, amid concerns of a conflict of interest.⁷²

Mackay's connections are predominantly Scottish oriented, but also take in elite organisations at the UK Level. By contrast our next corporate leader although of Scottish origin has connections at the transnational corporate level. Tom McKillop is the former CEO of AstraZeneca—a position he left to take on a new role as deputy-Chairman of the RBS in September 2005, becoming chair in 2006 and announcing his early retirement in December 2008 in the aftermath of the disastrous investment decisions that brought the bank to its knees. AstraZeneca was formed on 6 April 1999 through the merger of Astra AB of Sweden and Zeneca Group PLC of the UK—McKillop had been CEO of Zeneca in 1994 when the company was created as a result of a demerger of ICI the company he had been at since 1969. McKillop was a director with Lloyds TSB Group (1999-2004) and a director at BP from 2004.⁷³ He was also Chairman of the British Pharma Group and Vice President of the European Federation of Pharmaceutical Industries and Associations (2002-4), the chemical industry wide lobby group at the EU level—an indication of involvement in transnational business activism. In addition McKillop has been on the advisory board of Scottish Development International and the British-American Business Council, the elite transatlantic business network, and has spoken at the World Economic Forum on a number of occasions (including in 2003, 2004 and 2005).⁷⁴ McKillop himself notes that: "I'm an active participant in the World Economic Forum meetings in Davos and it clearly shows the benefits of free trade in economic growth."⁷⁵ He also attended the Bilderberg Group meeting in 2008.⁷⁶ Other elite connections include: a fellow of the Royal Society, president of The Science Council, and a trustee of the Council for Industry and Higher Education. He was

⁷¹ Spinprofiles, "Eileen Mackay".

⁷² Kemp, "The Top 100 Influential Women in Business".

⁷³ BP, "Sir Tom McKillop".

⁷⁴ Business Week, "Executive Profile: Tom McKillop PhD"; Leather, "AstraZeneca CEO claims Japan overreacted to Iressa scare"; Hawthorne, "What's Wrong with the FDA?"; AFX.COM, "Davos".

⁷⁵ Cooke, "Things Looking up for Innovation".

⁷⁶ Jones, "Official 2008 Bilderberg Participant List".

also Pro-Chancellor of Leicester University (2001-5), in yet another connection with the University sector.

Shonaig Macpherson is a ubiquitous figure in Scottish business, political and cultural life, cutting across all three areas. She worked for thirteen years with one of Scotland's most well connected law firms, McGrigor Donald, ending in September 2004. Her business appointments include:

- Director, Braveheart Investment Group (until September 2008).⁷⁷
- Non-Executive Director, ITI Scotland Limited (until January 2009).⁷⁸
- Chairman, Advisory Board, BT plc Scotland.⁷⁹
- Non-Executive Director, Edinburgh International Conference Centre Limited.
- Director, Edinburgh International Film Festival Limited.

In addition MacPherson is a Trustee of The Robertson Trust—a charitable trust which is the sole owner of the Whisky firm the Edrington Group (makers of the Macallan, Famous Grouse, and Highland Park whisky). MacPherson also has an overseeing role in the Higher Education Sector as a former member of Court of the University of Edinburgh, Governor of Edinburgh College of Art and Visiting Professor to, and Privy Council's nominee to, the convocation of the Court of Heriot-Watt University. In the cultural field she is a Cultural Commissioner for the Scottish Government. She is a Fellow of the Royal Society of Edinburgh, was elected as an ordinary member of its council in October 2005 and is the Chairman (sic) of the National Trust for Scotland.⁸⁰ At the political level MacPherson is involved with a number of corporate lobby groups. She is the Chairman of the Board of Scottish Council for Development and Industry (corporate lobby group) and Chair of the board of the SCDI created pro-market think tank the Scottish Council Foundation. She is also Deputy President of the British Chambers of Commerce. As well as lobbying government at the Scottish and UK levels with these organisations, she also helped to run the Scottish Executive during the Labour/Lib-Dem coalition. She sat as a Non-Executive member of the Management Group of the Scottish

⁷⁷ *The Scotsman*, “Duo to Quit Braveheart”.

⁷⁸ Askeland, “Macpherson out as Scottish Enterprise takes Charge of ITI”.

⁷⁹ BT, “Shonaig Macpherson, Chairman”.

⁸⁰ National Trust for Scotland, “Shonaig MacPherson, Chairman”.

Executive until 2007.⁸¹ With the change of government in May 2007 MacPherson was removed from the group. She was quickly snapped up as a member of the Calman Commission on the future of devolution, where she sat alongside Jeremy Peat of RBS and the David Hume Institute.⁸² It goes without saying that MacPherson has never been elected to a public role and her networks and connections at the top of the ruling elite, though widespread, are not atypical of the closely integrated nature of the Scottish ruling class.

A picture differing in details but similar in overall import could be told about a selection of other directors of the largest corporations which have either a headquarters or a significant base in Scotland. First, it makes no sense to see those in charge of such operations as a specifically “Scottish ruling class”, rather they are well integrated into ruling class networks at the UK, EU and global levels. If a transnational capitalist class is emerging they are a fraction of it. Second, as we have seen from the small selection of affiliations of the people we have noted, the networks that these people form are not just at the corporate level, but encompass also government, science, education, the law and cultural institutions. The tentacles of corporate Scotland stretch into every institution of the state and into key elements of the much vaunted “civil society”. But showing these connections is only to paint a static picture of positions of power. Power itself is exercise by mobilising positions and resources. How do they operationalise their networks?

2.2 Elite networking

Elite networking in the comings and goings of corporate life, and in the corporate penetration of political and cultural life in Scotland are of course supplemented by networking opportunities with more of an obvious social dimension observable at clubs, awards ceremonies, celebratory dinners, etc. Alf Young, a long-time journalistic observer, seems reasonably well networked himself, if his own account is anything to go by:

In more than two decades in journalism in Scotland I have attended more conferences, seminars, award ceremonies, lunches and black tie dinners, held by more professional bodies, trade associations, state agencies, political parties, companies large and small, universities and colleges, local authorities, charities and lobbying groups than I care to remember. It is

⁸¹ Scottish Executive, “Non-Executive Members Appointed to Scottish Executive’s Management Board, 2001”.

⁸² Commission on Scottish Devolution, “Commission Members”.

certainly true that the same familiar faces pop up again and again at such events. It is proof that talking interminably about the challenges we face as a nation, eating together in hotels three or four times a week through each and every winter and giving each other awards for qualified achievements in this field or that are national pastimes we all, arguably, pursue to damaging excess.⁸³

Young argues that this is not “proof positive” of an “all powerful” elite. But the reference to “we all” gives the game away. This is not the world of the vast majority of Scots citizens. Gerry Hassan, also privy to some elite political, cultural and social networks, describes the dinner party gatherings that “amongst movers and shakers” are some of the “most well-known” at the home of power couple Kirsty Wark (the BBC presenter) and Alan Clements (who runs the couple’s production company Wark-Clements). There the evenings “are opened by Alan Clements and moderated by Kirsty Wark, who keeps the discussion focused on the agreed topic”.⁸⁴ Guests have included Wendy Alexander and Sir Fred Goodwin (formerly of RBS), both key players in the neoliberal turn. Hassan also notes that similar gatherings are held by influential banker Angus Grossart and the Queen’s former (now late) press secretary Michael Shea on behalf of the corporate funded neoliberal think tank the Scottish Council Foundation (on which more below).⁸⁵

Other watering holes include the New Club for old elites and the positively *nouveau riche* Entrepreneurial Exchange set up by some of the richest individual capitalists in Scotland, often those with the highest political, philanthropic and ideological profiles. They also tend to share a right wing set of ideas and views which may seem a little embarrassing for the movers and shakers of the transnational corporations, whose full time base is less often in Scotland. According to the New Club’s own account:

The Club's earliest records date from 1787 when it met in Bayle's Tavern in Shakespeare Square at the east end of Princes Street...moving to its present site in 1837. Today's building dates from 1969.⁸⁶

“86 Princes Street is a very anonymous door in the heart of Edinburgh’s retail precinct”, wrote George Kerevan in 2002:

⁸³ Young, “The Scottish Establishment”, 155.

⁸⁴ Hassan, “Anatomy of the New Scotland”, 23.

⁸⁵ *Ibid.*, 23-4.

⁸⁶ New Club, “The New Club History”.

It is the entrance to the citadel of Edinburgh's Establishment, the place where deals are done and the capital's real movers and shakers congregate... The New Club plays an integral role in Edinburgh's commercial life, for businessmen come here to hold discrete business lunches or entertain visiting clients in sophisticated surroundings. And royalty—the Duke of Edinburgh attended a dinner at the club last month, during the Queen's Jubilee visit to Scotland.⁸⁷

“Joining the New Club involves an old fashioned risk”, notes Kerevan, “that of blackballing”:

Potential new members are sponsored by existing members in good standing, and their application goes on view. Members who wish to reject the candidate can signal a negative. If enough members veto your application, tough luck.⁸⁸

The club is old fashioned in another sense too:

The New Club's persistent refusal to admit women to full membership is one of the last manifestations of the old, smug, complacent Edinburgh before the recent boom. But in today's Edinburgh not being able to have the chief executive of Lloyd's-TSB or the Principal of Napier University as members marks the New Club dangerously anachronistic.⁸⁹

43 per cent of Scotland's judges are listed as members in *Who's Who*.⁹⁰

The Entrepreneurial Exchange by contrast is brash, new and brings together almost wholly Scottish based old-style owner capitalists in the real economy.⁹¹ The board includes Tom Farmer as Honorary President, Chris Gorman the mobile phone and internet entrepreneur as Chairman, Charan Gill the curry chain owner as Vice Chairman and John Anderson whose company makes laboratory equipment.⁹² Then there is the curious case of the Scottish North American Business Council run by Atlanticist business interests and with connections to the Conservative Party, the Democrats in the US and the intelligence services such as:

⁸⁷ Kerevan, “New Club, Ancient Rules”.

⁸⁸ Ibid.

⁸⁹ Ibid.

⁹⁰ Hutcheon and Gordon, “Male, White, Middle Class, Privately Educated, Edinburgh Resident, New Club Member...”.

⁹¹ Entrepreneurial Exchange, “For Entrepreneurs, by Entrepreneurs”.

⁹² Entrepreneurial Exchange, “The Board”.

- Andrew Fulton (Chairman), former MI6 station chief in Washington and latterly Chairman of the Scottish Conservative Party.⁹³
- Philip Lader, former US Ambassador to the UK, chairman of WPP, the communications conglomerate, and member of the British American Project, the organisation set up in 1983 to wean the Labour Party away from criticism of US foreign policy.⁹⁴

Other members include patrons Lord McCluskey (John Smith Memorial Trust), Ann Gloag (Stagecoach) and have included representatives from Scottish Power, RBS, CBI Scotland, Scottish Enterprise and the law firms McGrigor's and Burness, with PR support from former Scottish *Sun* editor Jack Irvine and his firm Media House International.⁹⁵

Also important are the connections to elite US networking organisations such as Lader's Renaissance Weekend elite networking event popularised by Bill Clinton and attended, among others, by former Scottish MP, Minister and Secretary General of NATO, George Robertson.⁹⁶ The SNABC is the Scottish chapter of the British American Business Council, an organisation which also includes Lader on its International Advisory board along with "chairmen and chief executives of more than 50 leading multinational companies". The Chair of the BABC is Martin Sorrell, also of communications conglomerate WPP which owns lobbying, PR and advertising firms servicing the needs of more than half the Fortune 500, including many of the members of the BABC. Members of the board of BABC also include others active in Scotland such as Johnny Cameron, Chief Executive, Corporate Markets, RBS and the previously mentioned Tom McKillop (RBS) and Peter Sutherland (HBoS, BP & Goldman Sachs International).⁹⁷

The BABC itself functions as both a lobbying and networking body, facilitating class wide and position taking and the socialisation of the corporate elite. They note that their activities include:

...CEO Presentations by business leaders... Ministerial/Ambassadorial Briefings with US/UK/EU Cabinet Ministers, Ambassadors and senior officials; Business Briefings by industry experts and opinion-leaders such as the editors-in-chief of *Business Week*, *The Economist*, *Financial Times*

⁹³ SpinProfiles, "Andrew Fulton".

⁹⁴ SpinProfiles, "Philip Lader".

⁹⁵ SpinProfiles, "Scottish North American Business Council".

⁹⁶ SpinProfiles, "Renaissance Weekend".

⁹⁷ BABC, "Members of the Board".

and *Fortune*; Leadership Forums and Roundtables to discuss specific business challenges and opportunities.⁹⁸

The BABC also runs “high-level networking and client entertainment events” at venues including the “House of Commons, United Nations, Ambassadorial Residences, and leading hotels, golf clubs and retail stores”.⁹⁹

When not networking, attending awards ceremonies, or indulging in the most exclusive leisure pursuits, members of the ruling class and their flunkies and operatives also spend a good deal of time ensuring that governmental decision making will not threaten their interests. The integration into networks of global governance of corporations active in Scotland means that most of the rules of the game are already fixed at the global, EU, and British level before the kick off. In addition the corporations also have the whip hand in the sense that their basic decision is between exercising “voice” or “exit”.¹⁰⁰ Even the threat of “exit”—of taking their operations elsewhere with cheaper labour, or more tax incentives (bribes) is a powerful motivator. But at the specifically Scottish level there is still something to play for both in specific corporate outcomes and the more general class wide interests.

Corporations are not unchallenged in Scotland and they are not always able to get their way, but they rule through the three pillars of business power identified by political scientist Neil Mitchell in his book, *The Conspicuous Corporation*.¹⁰¹ The first of these is the pro-business assumptions of policy makers and politicians, nowhere more clearly demonstrated than in the physiognomy of New Labour. The second is the political activity of business, including its sponsorship of party conferences, donations to parties, lobbying, PR, the creation and use of front groups, seemingly independent institutes and apparently enlightened business networks. The third is the mass media. The next sections concentrate specifically on the second pillar, the active pursuit of advantage by capitalist corporations. We can briefly review the tactics and suggest their impacts by looking at lobbying, the rise of Scottish think tanks, the creation of corporate state partnerships and the wholesale penetration of the machinery of government (both Parliament and Executive/Government) by business.

⁹⁸ BABC, “British American Business Member Perks”.

⁹⁹ Ibid.

¹⁰⁰ Hirschman, *Exit, Voice, and Loyalty*.

¹⁰¹ Mitchell, *The Conspicuous Corporation*.

2.3 Lobbying

In a devolved Scotland the most obvious way in which corporate actors pursue their interests through “voice” is by lobbying. But lobbying takes place in the context of already entrenched policy assumptions and a political culture which is already fundamentally oriented to wards the market. This is the product of the neoliberal shift which has affected all the pro-business parties and has shifted the assumptions of government among the ruling elite, which includes not just politicians, but the business community and crucially the Edinburgh establishment which runs the civil service. It is against this background—which is fundamentally favourable to big business—that lobbying for particular policy measures takes place. But lobbying involves more than the work of direct contact with decision makers: it is also about shaping the information environment in which decision makers work. This is why corporations fund think tanks and policy discussion groups sit on the Scottish Parliament Cross Party Groups and a host of other activities focused on shaping the information that is part of the debate and getting close to decision makers in any possible forum.

Take the example of Scottish Widows, one of the least networked of the top ten corporations based in Scotland. According to its own account, lobbying work:

...sees us working closely with MPs, civil servants and policy influencers which include charities and think tanks... Our reports and expertise have positioned us well with politicians and policy influencers across the political spectrum.¹⁰²

Scottish Widows lists on its website the lobby groups, think tanks and decision makers with whom it works “in partnership”:

- The Association of British Insurers (ABI)
- The British Bankers Association (BBA)
- The Investment Management Association (IMA)
- Members of Parliament (MP)
- Members of the Scottish Parliament (MSP)
- The Scottish Government
- PPI Pensions Policy Institute (PPI)
- Age Concern England (Age Concern)

¹⁰² Scottish Widows, “Public Affairs Overview”.

- Policy Exchange
- Scotland's Futures Forum (SFF)
- Lobbyists¹⁰³

This shows the typical variety of corporate targets at varying levels of governance (at the Scottish, UK and EU levels—the British Bankers Association is a member of the European Banking Federation) and via various channels of influence.

Lobbying is seen as worthwhile by business interests as evidenced also in the burgeoning lobbying and PR market which emerged post devolution. In the first term of the Parliament lobbyists swarmed to the Mound, embroiling Jack McConnell in the Lobbygate row, from which, contrary to a successful spin operation, McConnell was not exonerated of blame.¹⁰⁴ The lobbyists continue to ply their trade and to find new avenues of approach to MSPs, ministers and civil servants. One of these is via the think tanks which are a means for corporations to gain access to decision makers. The role of the think tank is to provide a sort of disguise for corporate interests and to help to populate the policy information environment with a seeming variety of voices. Their aim, in other words, is to manage the perceptions and expectations of elements of the political elite, to socialise them into neoliberal values and to propose handy, seemingly workable solutions to political problems.

2.4 The rise of think tanks

The role of the think tanks has been ignored, underplayed or misinterpreted in political science in general and this is reflected in writing on Scotland. Michael Keating is one of the few to even mention them in his book-length study of public policy making after devolution, devoting a page and a half to reviewing the main instances and labelling their political positions. Keating fails, however, to understand or analyse their influence and their key role in the development of neoliberal doctrines among the political elite. His sole comment of relevance to this question is that “the absence of a more left wing strand in Scotland, given the state of public and political opinion, is striking”.¹⁰⁵ But it is not that surprising that the

¹⁰³ Ibid.

¹⁰⁴ See Schlesinger et al, *Open Scotland*; Dinan and Miller, “Being Called to Account”.

¹⁰⁵ Keating, *The Government of Scotland*, 86-7.

think tanks reflect their paymasters in the corporations and that almost all those that do exist are neoliberal advocates of various hues.

We can note that the think tanks have developed as part of the process begun by the Mont Pelerin Society in 1947 and leading to the creation of over one hundred think tanks world wide promoting market liberalism which were key to the rise of neoliberalism particularly in the US and UK. The Edinburgh-based David Hume Institute is part of this process. A northern neoliberal outpost when it was created in 1985 by former Thatcher adviser Alan Peacock at Edinburgh University, it is funded largely by big business and other elite bodies (including, between 2000 and 2007, RBS, HBoS, Lloyds TSB Scotland and Standard Life) and provides a mechanism to help socialise the political elite. Its board of trustees has or does contain representatives from Standard Life, HBoS and RBS. Others of note include two (now former) directors who link to other neoliberal think tanks: Shonaig MacPherson and David Simpson.

As we have seen, MacPherson is chair of the board at the Scottish Council Foundation, the think tank set up by the SCDI and which had a significant role in setting up the International Futures forum in 2001. The SCF is a neoliberal think tank which presents itself as part of the “social democratic” continuum. In 2004 its director noted:

...to say that you're a left think-tank would not really say anything, it would say you're part of the consensus, because Scotland is so heavily centre-left, and you want to challenge the consensus.¹⁰⁶

The SCF is therefore unsurprisingly supported by Alliance Boots, BP, BT, Diageo, Pfizer and Shell amongst others.¹⁰⁷

Simpson is a former academic, advisor to the Institute of Economic Affairs and Standard Life, has written for the Policy Institute (the market fundamentalist think tank based inside the offices of the *Scotsman* newspaper) and is, in 2009, a member of the Water Industry Commission for Scotland, the regulator of the publicly owned Scottish Water formally tasked with protecting the public interest. In 1975 he was the founding director of the Fraser of Allander Institute at Strathclyde University, named after Hugh Fraser (Lord Fraser of Allander), who was, at his death in 1966, the Scottish President of the Economic League, the organisation dedicated to spying on and blacklisting trades unionists and perceived left

¹⁰⁶ Pautz, “Think-Tanks in Scotland”.

¹⁰⁷ Scottish Council Foundation, “Principal Supporters and Friends”.

wingers.¹⁰⁸ In the early years it was funded by the Hugh Fraser Foundation, (administered by Fraser’s son) and by BP, Shell, Mobil North Sea Ltd (now called ExxonMobil) and Scotsman Publications.¹⁰⁹

Today, the Institute remains involved with corporate lobby groups, producing regular surveys for the Scottish Chambers of Commerce. Its most important contribution though has been the platform it has provided for advancing neoliberal ideas with a pseudo-left face. Its Policy Director Brian Ashcroft is married to Wendy Alexander MSP, successively advisor to Donald Dewar, Minister and short-lived Labour leader at Holyrood in 2007/8. They worked together with Diane Coyle to produce a book: *New Wealth for Old Nations: Scotland's Economic Prospects*, which sets out a neoliberal vision for Scotland's future. Coyle was formerly economics editor of the *Independent* and today is the head of the consultancy Enlightenment Economics, which says on its website that it specialises in “global and technological issues”.¹¹⁰ Both Alexander and Coyle are members of the British American Project, the group set up in 1983 to wean up and coming members of the “left” away from criticising US Foreign policy or the free market.¹¹¹

In the slightly coded language familiar to students of neoliberalism the book blurb highlights a “fundamental conclusion” that the blockages to neoliberal reforms are political:

...the difficulty in introducing growth-oriented policies lies more in the politics of implementing change than in the theoretical diagnosis. Public sector governance is consequently a key issue in creating a pro-growth consensus. And faster growth must be seen to improve opportunities for the population as a whole. Further, setting out the evidence—as this book does for Scotland—is vital to overcoming entrenched institutional barriers to policy reform.¹¹²

Note the imperative, “must be seen”, which implies that perception management is necessary to overcome policy barriers. The introductory chapter makes this even clearer in a conclusion which:

¹⁰⁸ Economic League, *Forty Sixth Annual Review*. On the Economic League, see Hughes, *Spies at Work* and Miller and Dinan, *A Century of Spin*.

¹⁰⁹ University of Strathclyde, *Annual Report 1975/76*, 126; Fraser of Allander Institute, *Report on Research and Other Activities for the Year 1985*.

¹¹⁰ Enlightenment Economics, “Homepage”.

¹¹¹ Miller and Dinan, *A Century of Spin*.

¹¹² Coyle et al, “Introduction”, 9.

...emphasizes the role of greater openness, incentives and capabilities in stimulating future growth. But it also stresses the importance of winning the battle for people's hearts and minds in support of good policy, because if the politics do not make sense, the policy will rarely change.¹¹³

In other words: we know what good policy is; the art of politics is to manage public perceptions so that the voters agree with us.

There is not space here to deal with the other think tanks in Scotland including Demos Scotland, the Centre for Scottish Public Policy, the Policy Institute, the new Tory think tank Reform Scotland and the think tank-cum-lobbying consultancy the International Futures Forum (another offshoot of the SCDI). Suffice to say that there is no departure from neoliberal dogma amongst them, the only differentiating factor being the strength of their ardour for the market.

2.5 The Scottish Parliament

The Scottish Parliament is in many ways a more open institution than the Houses of Parliament in London. But it is also clear that corporations mobilised to ensure that their voice was heard. Among the avenues have been the Scottish Parliament Business Exchange, Cross Party Groups and the creation of the Parliament's own think tank, the Futures forum.

2.5.1 Scottish Parliament Business Exchange

The privileged access of big business lobbyists to MSPs through the officially sanctioned gateway of the Scottish Parliament Business Exchange (SPBE) revealed clearly the extent to which the openness of the Parliament had been colonised by business interests. The SPBE was set up in 2001, supposedly because most new Members of the Scottish Parliament (MSPs) had little business experience and required education about business to bring them up to speed. In fact, the largest single category of previous job experience was in finance or business (26 out of 129).¹¹⁴ The exchange is supposed to be politically uncontentious, operate "in an open and transparent manner" and have "no connection with lobbying in any form".¹¹⁵

In early controversies it transpired that three quarters of the business representatives on the exchange were lobbyists and that one MSP has

¹¹³ Ibid.

¹¹⁴ Herbert et al, "Election 2007", 67.

¹¹⁵ SPBE, "Business Exchange-Vision and Values".

signed a 10-year confidentiality deal when visiting the offices of drugs giant Pfizer.¹¹⁶ In 2002 the Standards Committee of the Parliament condemned the Exchange for failing to “provide sufficient transparency or accountability”.¹¹⁷ More recently it has emerged that Devin Scobie, the interim head of the Exchange whose term of office reportedly ended in January 2008, is himself a lobbyist. From 1999-2004 he worked in the Edinburgh office of GPC, the lobbying firm which employed disgraced lobbyist Derek Draper and which was part of the lobbying multinational Fleishman Hillard, in turn owned by the advertising and PR giant Omnicom. Clients there included Pfizer, also a member of the SPBE. From the beginning Pfizer's lobbyist Lynda Gauld was involved with the Exchange, later becoming its convener. From June 2007 Gauld joined Scobie at the new lobbying firm he created in late 2006 called Caledonia Consulting. When Scobie became the interim director of the Exchange he remained managing director of Caledonia. Documents released under the Freedom of Information Act also show that Scobie was one of the very few commercial lobbyists to secure a pass for the Scottish Parliament.¹¹⁸ In effect then the SPBE was a front for Caledonia Consulting—not quite the same as having “no connection” with lobbying. Scobie's replacement at the SPBE did not inspire much more confidence, running as he does a bespoke corporate hospitality firm, called Art McIvor consulting. Its website changed in 2007/8 resulting in its services sounding more like lobbying than had previously been the case—phrases such as “relationship management”, and “client acquisition and retention” appeared.¹¹⁹

A note on the origins of the Exchange is pertinent here. Both Alice Brown and David McCrone were closely involved in the process that led to the creation of the Exchange. They co-authored a study, *Business and the Scottish Parliament* (1999), funded by RBS and Scottish Power, which they hoped would be of value ‘in developing a partnership between business and the new Scottish Parliament’. At this early stage the report concluded by stating “we endorse” plans “to develop a distinctively Scottish arm of the Industry and Parliament Trust”. This report was followed by the creation of a working group which met for the first time in

¹¹⁶ See Miller, “A Question of Privilege”; Miller, “Corporate Power, Institutional Corruption”; Miller, “Profit and Parliament”.

¹¹⁷ Scottish Parliament Standards Committee, “Report on the Scottish Parliament and Business Exchange”.

¹¹⁸ Hutcheon, “Row as Lobbyists and Party Donors ‘Access All Areas’ with Holyrood Visitor Passes”.

¹¹⁹ SpinProfiles, “Art McIvor Consulting”.

February 2000 and then by a specific bid to set up the Exchange.¹²⁰ Alice Brown was the lead author, with two lobbyists from Scottish Power, of a proposal and draft budget forecast (dated 28 March 2000) for the creation of a “Scottish Parliamentary and Industry Group” which led directly to the creation of the Exchange.¹²¹ In a follow-up study, funded by the Boots Group in 2003, McCrone was able to reflect on some of the negative publicity the Exchange had received in 2002.¹²² He did not, however, show any sign of rowing back from his enthusiasm for the scheme. Describing “lurid headlines” he maintains that the payment of membership fees in return for access to MSPs and ministers, including shadowing MSPs inside the Parliament, is not lobbying. Such allegations are “wide of the mark”. “A blanket accusation that any contact is tantamount to lobbying”, concludes McCrone, “seems to us to be facile”.¹²³ To which we can note the corporations themselves were less bashful in describing how useful they found the scheme. “An invaluable insight” said *The Saltire* lobbyist; “fascinating and valuable” echoed the man from BP. Nuclear firm British Energy noted on its website that the Exchange “provides great opportunities for Scottish business”.¹²⁴ Quite so, but McCrone’s point misunderstands the issue, which is that the corporate lobbyists are able to secure—at a price—access that is not available to other ‘vested’ interests and certainly not to ordinary citizens.

This ideological closeness to one of the notable innovations of neoliberal governance in Scotland is paralleled by a physical proximity. Between 2002 and 2008 the Exchange was actually housed at Edinburgh University. It rented an office in Chisholm House, a three story detached building at 1 Surgeon Square, High School Yards. The building also houses the Institute of Governance, including the office of its director David McCrone. In the same building is the office of the neoliberal think tank, the Centre for Scottish Public Policy. Amongst its Advisory board in 2005 was Alice Brown, sitting alongside the chair of the board Baroness Margaret “Meta” Ramsay, the New Labour networker and career-long MI6 officer.¹²⁵ There is nothing untoward in such connections, but they do

¹²⁰ Brown and McCrone, *Business and Scottish Parliament Report*, i., 11, 32.

¹²¹ Brown et al, *Scottish Parliament and Business Group: Draft Proposal*.

¹²² McCrone, *Business and Scottish Parliament Report*. See also Institute of Governance, “Consulting”.

¹²³ McCrone, *Business and Scottish Parliament Report*, 34, 36

¹²⁴ Cited in Miller, “A Question of Privilege”.

¹²⁵ SpinProfiles, “Centre for Scottish Public Policy”; SpinProfiles “Margaret Ramsay”.

illustrate the striking closeness of the relationships between the academics and the political class.

2.5.2 “Business in the Parliament”

In April 2004 the Scottish Parliament held a “Business in the Parliament” conference. Over 100 business delegates trooped in and sat in the elected members’ seats. Amongst the delegates were all the key peak business associations including the CBI, the Chemical Industries Association, the Scottish Food and Drink Federation and the Scottish BCSD. The press release from the Parliament announced that the delegates were “the people driving Scotland's economy”.¹²⁶ To believe this it is necessary to convince yourself that it is the business class not the workers who create the value in production. Alternatively, we might conclude that Parliamentary spin doctors are in the business of issuing corporate ideology dressed up as neutral official information. A further insult to the Parliament’s founding principles of openness was that the discussion sessions in the conference were held in private. Pro-business assumptions amongst policy makers and lobbying by corporations result in reflex secrecy.

Other indications were afoot too. Some cross-party groups are dominated by the corporations. To take one example, the Oil and Gas group has representation from sixteen industry lobbyists, plus two from Scottish Enterprise, one for Aberdeen city council, two from the government-funded Energywatch. There are few citizen representatives among the members.¹²⁷ The cross-party group on the Civil Nuclear Industry Nuclear Group (a covert lobby presence) functions to promote the nuclear industry and is in fact sponsored by the nuclear company British Energy, although the Group has been reluctant to admit this publicly on its own webpage.¹²⁸ Corporate influence has also been hidden from the public and indeed from MSPs in relation to the Scottish Parliament Science Information Service. Briefings for MSPs were provided through the scheme “on an anonymous basis” and initially the list of “topic co-ordinators” was to be kept confidential to avoid “inhibiting” their ability to provide “free and frank” advice.¹²⁹ Documents released under the Freedom of Information Act show that among the co-ordinators were Sir Tom

¹²⁶ Scottish Parliament, “Scotland’s Business People take their Seats in Parliament”.

¹²⁷ Miller, “Corporate Power, Institutional Corruption”.

¹²⁸ Miller, “A Declaration of Interest”.

¹²⁹ Dinwoodie, “Greens: Science Briefings could be biased by Business”.

McKillop, the then chief executive of AstraZeneca, and other academics with ties to industry. The scheme was run by Willie Rennie, at PR firm McEwan Purvis. Rennie was subsequently elected a Westminster MP.¹³⁰

2.5.3 Futures Forum

Perhaps the most striking involvement with business is the Futures Forum. Billed as the Parliament's "initiative to develop strategic thinking on the issues which will shape Scotland's future", the Scottish Parliament Corporate Body (SPCB) has created a new company, with the SPCB as the sole member, which:

...extends the Parliament's outreach and participation work to academia, the arts, blue chip companies, civic Scotland and entrepreneurs. Leading figures from the private and public sectors have volunteered their services on a two year initial basis.¹³¹

On its launch the public sector was little in evidence. Instead it was clear that the Forum had been set up at the initiative of two corporate lobby groups, the International Futures Forum (based in Fife) and the Global Business Network (based in California) with overlapping memberships which had collaborated back in 2001. The IFF produced the report which led to the Parliament think tank being set up. Both were prominently featured in the webpage of the Forum when it was launched in 2005.¹³² The International Futures Forum was founded in 2001 by the Scottish Council Foundation, the neoliberal think tank. It provides lobbying and PR services including providing "corporate communications" advice to Nirex on the disposal of nuclear waste.¹³³ The Global Business Network says it is a network dedicated to:

...blending strategic thinkers from leading companies in established and emerging industries; visionaries from the sciences, arts, business, and academia; and a community of practice engaged in innovating and transferring tools for scenario thinking and strategic action.

¹³⁰ SpinProfiles, "Scottish Parliament Science Information Service".

¹³¹ Scottish Parliament, "Parliament Announces Board of Directors for Scotland's Futures Forum".

¹³² SpinProfiles, "Futures Forum".

¹³³ SpinProfiles, "International Futures Forum".

It is also funded by some two hundred of the world's largest corporations, including many with poor human rights or environmental records.¹³⁴

Both organisations have links to the scenario planning activities pioneered by Shell as a way for the corporation to pursue its interests. Both the IFF and GBN were asked by the Parliament to be involved in the founding of the Futures Forum, with the IFF producing a report following a day long meeting in the Parliament in 2004.¹³⁵ Unsurprisingly, the products of the Forum have not challenged any of the tenets of neoliberalism, focusing instead on industry-friendly and industry-dominated topics and events. For example the alcohol and drugs event was dominated by the drinks industry, the “Financial Futures” event was co-hosted by Scottish Widows in October 2008. It included a list of recommendations which managed, at least partly, to blame the public for the financial crisis and conspicuously failed to mention nationalising the banks in its issues for “government”—a policy that had already been implemented by Westminster.¹³⁶ The forum even invited arch climate-change sceptic Bjorn Lomborg to give a prestigious lecture. Amongst funders corporations are again prominent, including “champions” such as Alliance Boots, Scottish Widows and Schering-Plough (who commit £20,000 in total over four years) and “project partners” (who contribute half that) including BAA, the Goodison Group (a policy planning group set up by Nicholas Goodison of Lloyds Group and mainly funded by Lloyds), and Shell UK.¹³⁷ The ingrained neoliberal assumptions of those in charge of the Parliament suggest a kind of institutionalised corruption and corporate capture.

2.5.4 The Scottish Executive/Government

A similar picture obtained at the Scottish Executive and subsequently the Scottish Government. Here a “Management Group” was described as the “top table” of the organisation and included three non-executives each of which is a top level business representative, including the corporate lobbyist and networker Shonaig Macpherson discussed above. On taking power the SNP did dispense with her services, but kept the other two business representatives Bill Bound (formerly of PriceWaterhouseCoopers) and David Fisher of HBoS. The SNP also kept the Labour/Liberal Democrat-created Financial Services Advisory Board to oversee

¹³⁴ SpinProfiles, “Global Business Network”.

¹³⁵ Leicester, *Seven Prompts*.

¹³⁶ Futures Forum, *Financial Futures Report*.

¹³⁷ Futures Forum, *How to Become a Forum Champion or Project Partner*.

government policy in this area, which is mainly filled with executives from finance capitalism (including Norwich Union, Aberdeen Asset Management, Standard Life, Lloyds TSB Scotland, Aegon UK and Morgan Stanley). The Board has a single union member, representing workers in financial services.¹³⁸ The SNP also created a Council of Economic Advisers chaired by Sir George Mathewson, formerly of the RBS, hardly a sign that neoliberalism had been abandoned.¹³⁹

Following on reforms of the civil service set in train by the Thatcher administration, Labour has presided over an influx of business representatives into the machinery of governance and an increase in secondments from the civil service to business. Since the creation of the Scottish Executive, business representatives have had access as secondees to the Executive and civil servants have been seconded outwards to the private sector. Companies involved include, Inward, Scottish Power, Scottish and Newcastle, Stagecoach, Ernst and Young, PriceWaterhouseCoopers. Outward: Lloyds TSB Foundation, Scottish Power, McGrigor Donald (law firm and lobbyist), Scottish and Newcastle and business lobby groups Business in the Community and the Scottish Chambers of Commerce.¹⁴⁰ The Executive also run a scheme to second staff from road building and consulting firms to their Road Network Management and Maintenance Division. The biggest firms in the area such as Babtie, Scott Wilson and Fairhurst bid to be included in the scheme in which they supervise road building projects and even assist with the procurement process for such projects. As Minister Andy Kerr noted inward secondments “foster and promote links, co-operation and a mutual understanding”.¹⁴¹ Not to mention the financial benefits of helping to decide which consultants get which road contracts.

The blurring of the distinction between private interests and lobby groups and public administration, with the attendant possibility for corporate capture, is the signature of these developments. One further example was the creation of the Scottish steering group of the Business Council for Sustainable Development–UK (BCSD-UK), itself an affiliate of the World BCSD.¹⁴² The WBCSD is at the forefront of corporate attempts to undermine effective environmental action, lobbying worldwide against regulation and in favour of voluntary “solutions”.¹⁴³ In Scotland

¹³⁸ SpinProfiles, “Financial Services Advisory Board”.

¹³⁹ Scottish Government “Council of Economic Advisers”.

¹⁴⁰ Scottish Parliament, “Written Answers”.

¹⁴¹ Kerr, “Scottish Executive Staff”.

¹⁴² <http://www.wbcasd.ch>

¹⁴³ Sklair, “The Transnational Capitalist class and the Discourse of Globalization”.

the allegedly environmentally conscious members of the BCSD include road building consultancy Scott Wilson, two of the biggest users of natural (Water) resources Scottish Power and the brewers Scottish and Newcastle and the oil giant Shell. Also of note is the membership of Pegasus-International, the debt collectors, hardly a sustainable business. The Scottish BCSD is involved with the Executive in the Scottish Waste Minimisation Steering Group, in the Scottish Industrial Symbiosis Programme and in the Scottish context of FutureBuild. The Executive also invited the BCSD into its consultation on the Scottish Green Jobs Strategy. In Scotland it is at the heart of the policy process. Indeed the Executive “agreed [BCSD Scotland’s] programme of work” and even “provided financial support to the initial stages of this, up to the end of March 2004”.¹⁴⁴

In such circumstances the distinction between civil servant, public official, elected representative and business operative begins to break down. Two closing examples suffice. Sir Ken Collins at SEPA is a former Labour MEP. To be fair, his long experience as chair of the Environmental committee at the European Parliament was a significant qualification for the job. But SEPA has not been able to play the role of a proper watchdog on environmental issues because it has been too close to the Executive and too willing to be influenced by big business. Collins himself is still politically active. As well as being a public servant he acts as an advisor to the European Public Affairs Consultants Association—the EU lobbyists lobby group—which is determined to resist openness and transparency.¹⁴⁵ This is the kind of conflict of interest of which any public servant should beware since advocating for corporate interests by definition undermines the public interest. Such conflicts pale, however, beside the extraordinary fact of the appointment of Sir Ian Byatt and a whole crew of neoliberal ideologues to run the Water Industry Commission for Scotland. Their ostensible role is to make sure that the Scottish Water is run efficiently within the public sector, but from the beginning they have been more interested in pushing it towards privatisation. This suits their friends and allies in the think tanks and private water companies well. In fact it suits pro-market consultancies such as Frontier Economics, too. Frontier is retained as a consultant to the Byatt led WICS and Frontier in turn employs Byatt as a “senior associate”.¹⁴⁶ The continuation of such appointments is an affront to the most basic principles of democratic public life.

¹⁴⁴ BCSD, “Scotland–Scottish Steering Group”.

¹⁴⁵ EPACA, “Members of the Professional Practices Panel”.

¹⁴⁶ SpinProfiles, “Ian Byatt”.

Conclusion

The idea that the focus of analysis for governing Scotland should be on the territory of Scotland has been a persistent and increasingly bankrupt notion. Scotland is governed not simply via the institutions of formal governance (meaning the political institutions of Scotland), and not simply via the traditionally understood “Scottish elite”, meaning either the various elite groups in the Scottish village or the Scottish capitalist class. Scotland is also run by political and economic decision-makers only some of whom are based in Scotland. Other centres of decision making are obviously London and Brussels, the Headquarters of the WTO/IMF/World Bank and the board rooms of the transnational corporations, including those which have no interest or base in Scotland (even a negative decision to site a factory or not to launch a product in Scotland is consequential). This situation has not arisen with globalisation, since it has always been the case that Scotland was partly run from outside its borders both before and after devolution, as it has been an integral, albeit distinctive, part of the British state since 1707.¹⁴⁷ Given this perspective it would be intrinsically unlikely that Scotland would be insulated from the wider vicissitudes of the global economy or of the changes in governance that neoliberalism has swept before it. In practice neoliberalism is alive and well in Scotland and has progressed via some of the same mechanisms as in England and indeed the world. In particular these involve the rise of the new “flex networks”, a process in which, in a now familiar manner, previous notions of the public and private interest were abandoned as reforms were pushed through, with disastrous consequences. In Scotland the same processes have occurred leading to the corporate capture of Scottish governance by an internationally networked ruling class.

It is a tricky matter to discuss the conquering of a group of intellectuals by a class aiming for dominance. The intellectuals concerned are likely not to recognise themselves in any such mirror. But it is difficult to avoid the conclusion that the role of the Edinburgh School has at least been one of accommodation if not that of organic intellectuals for neoliberalism with a social democratic face. The common story developed by the cluster of academics around Edinburgh University (particularly Brown, Bechhofer, McCrone, Paterson, but also joined by a younger generation and making common cause with other formerly disparate authors) was on a “Scottish” community of interest which was to a significant degree cross-class. But identifying the “Edinburgh School” as a shorthand, as Alex Law and Gerry

¹⁴⁷ None of which has any bearing on whether Scotland is a nation or not.

Mooney did, drew the riposte that “we are just a group of colleagues who have worked together over many years”—surely a deeply un-sociological account of their own practice?¹⁴⁸ In reality their work has done much to advance a particular set of understandings about Scotland and to hasten devolution. That gained the game seemed to be up. The lack of any significant analysis of how neoliberalism did or did not affect Scotland suggests not that they were afraid of the topic but that they really couldn’t conceive of it. If so, we certainly are in the territory of ideology where neoliberal ideas and values have become so naturalised that Scotland’s most prominent sociologists are unable to recognise them.

Certainly the relations between the Edinburgh School and the political class have been close. Professor Alice Brown, for example, took extended leave from the Department of Politics at Edinburgh University on becoming Scotland’s Public Appointments Ombudsman, after having been a member of the (Neill) Committee on Standards in Public Life. McCrone himself states that: “You can certainly see our fingerprints on the way the parliament evolved.” The Institute of Governance plays “an important consultative role” for the Parliament, says the University of Edinburgh and also, “runs an intern programme providing student researchers for MSPs.” According to McCrone this role is possible because:

...we are trusted, and that trust is across the parties. I believe that means that we will continue to play a very valuable role in the growth and development of Scotland’s democracy.¹⁴⁹

But perhaps they are right and neoliberalism really is not significant in Scotland, that business does not really rule and that its rule has not been facilitated by lobbying and policy planning at the global, European, UK and Scottish levels. In which case the tables are turned and we might be dismissed as unable to acclimatise to the superior, if Panglossian, view from Edinburgh. The question is: which account is more faithful to the recent history of Scottish political economy? Which account is better able to explain the alienation from politics that seems so strange to mainstream social scientists? At best they are wrong. At worst they have become ideologists for the pseudo social-democratic face of neoliberalism.

In the end the question about the neoliberal transformation of Scotland and who rules, can not be resolved by picking one’s favoured explanatory framework and sticking to it, but only by empirical research and evidence.

¹⁴⁸ Bechhofer and McCrone, “Some Critical Comments on Law and Mooney (2006)”.

¹⁴⁹ Shelley, “Minds over Matters”.

If there really is no ruling class in Scotland, let this be shown by analysis of network linkages, corporate political activism and above all outcomes in policy and practice. It cannot be wished away on the grounds of theory or ideology. The advent of the financial crisis has only undermined the optimistic cast of mainstream social science perspectives on Scotland. Perhaps now we will see some overdue revisions as Scotland's leading sociologists and political scientists run to catch up with a changing world.