

Letter from Scotland



All we want for Christmas

We are now well into the Christmas spending spree. It seems to be the only thing which is driving the economy at the moment. The ghastly American tradition of “Black Friday” has come to Scotland with a vengeance, the police having to be called out to control the stampede in Glasgow and Dundee. It’s been followed by “Cyber Monday” in which £650m worth of goods were ordered over the internet across the whole of materialist Britain.

On Black Friday itself, Amazon reckoned it took orders for 5.5 million items, one every 60th of a second. Stores like John Lewis, Curry’s, Argos and Littlewoods were selling flat-screen televisions, iPhones, hi-fi players as if they were drop scones. The bargain hunters were queuing all night and rushing through the doors to push, elbow, grab and fight for their objects of desire. All very un-British. And, I hope, un-Scottish.

The term “Black Friday” was apparently coined by the Philadelphia police in the 1960s to describe the traffic chaos caused by people rushing out to buy discounted goods on the day after Thanksgiving Day. It does not – as some people suggest – date back to the slave trade in the 19th century when plantation owners sold off their slaves at the end of the season. Nor does it refer the day that retail stores move into the black having been in the red for the first part of the year. It’s simply the day when clever merchandisers turned the “low” day after Thanksgiving into a boom day by offering the public loss-leading bargains. It also coincides with the last pay day before Christmas.

Whether or not it leads to total sales increasing over the

year is a moot point. It may simply bring the January sales forward. But enough stores obviously think the hype-effect is worth it and some London shops have been black-Fridaying for the last ten years.

It's all part of the new consumer society fuelled by the very credit boom that got us into trouble in 2008. The ironic thing is that consumer spending has dug us out of the Great Recession. The challenge this time is to keep the boom under control.

In my view, the Chancellor's autumn statement was not exactly helpful in this exercise. He is continuing to cut full-time jobs from public services and relying on low-wage private sector jobs to take up the slack. So with earnings down, people are driven to buy things on credit. It's all very well for the upper classes and the puritanical to "tut-tut" at such behaviour but the Christmas shopping spree is not all bad. For a start, most items are being bought for someone else. They are being given as a sign of love and they will probably last for many years, and may well have been needed anyway. Consumers just want a little seasonal encouragement to spend and face the consequences later.

George Osborne's autumn statement has had a few interesting repercussions for Scotland. The extra spending he announced for England will mean an extra £213m for the Scottish Government. Already the Finance Secretary John Swinney has announced that £125m of that will go to the health service, mirroring the allocation in England.

There's been some help for the North Sea oil industry. The tax burden has been slightly reduced to encourage further investment in the face of falling oil prices and the increasing cost of squeezing the last drops of oil from beneath the sea bed.

And Mr Swinney [has been rather pleased](#) that the British government is following his lead in reforming stamp duty on

the purchase of houses. The different rates are to be phased, so you only pay the higher rate on the proportion of the purchase price above each threshold. But, in a cheeky move, the Chancellor has undercut the Scottish basic rate. Starting at £250,000, you will pay 5 per cent in England but 10 per cent in Scotland from next April.

All this is good news for young couples seeking their first homes. But what's not been such good news this week is that Scotland has one of the highest costs of childcare anywhere in the world. A survey by Citizens Advice Scotland found that the average cost of child care is £5,500 a year, 27 per cent of average household income. That compares to an average across the OECD countries of just 12 per cent.

Finally, there were several stories in the newspapers this week that made me wonder if this was 1st April. Gordon Brown quitting politics ? He may be standing down as an MP but politics is in his blood and it's highly addictive. Another tall story involved the Royal Bank asking its staff to turn out in their spare time to redecorate their offices. Yet another was Harris Tweed being given the scent of whisky. And my biggest challenge was believing that Dundee has won the Unesco title of "City of Design". But I'd better not go there.