

Letter from Scotland

In Scotland we always watch with amazement as our fiscal masters in London shake the magic money tree from time to time.

And then we wonder how much of the golden leaves will fall our way. So it is with the Chancellor Rachel Reeves' budget statement on Wednesday when she announced big increases in capital spending and big tax rises to pay for increases in day-to-day spending on public services.



Rachel Reeves MP, The Chancellor of the Exchequer PHOTO House of Commons

The Scottish Government's share of the new money for infrastructure (£610m), will help pay for some of the school,

health, housing and road projects which have been postponed in previous budgets. The rest of the £1.5bn this year and £3.4bn next year will go into the NHS and council spending, and help to fill the gap left by the public sector pay increases given to end the summer of discontent.

Exactly how the money is spent is left to The Scottish Government, under the devolution system, and we will learn what our chancellor Shona Robison has decided in her budget next month. We will also learn whether she will increase taxes to pay for any extra spending in Scotland.

Budgets reveal the real colour of a government, red or blue, high-tax or low-tax, big-state or small state. Rachel Reeves' first Labour budget for 14 years is more radical than most people expected. Taxes go up by £40bn, taking them to the highest level since 1948 (38 per cent of national income) matching most European countries. She has cleverly re-written the fiscal rules to allow her to borrow another £32bn. And she has begun to tax business and the wealthy, with increases in employers' National Insurance contributions, and changes to inheritance tax, pension rules and capital gains tax.



The road ahead, straight and narrow.

We are now waiting to see if Shona Robison will follow Labour's lead, even within the limited powers she has. She could increase the rate of income tax, or change the thresholds. She could abandon the SNP's freeze, or limits, on local council tax. She could target welfare payments, as she had already done on the winter fuel payment.

In any event, all this is a world away from the Conservatives' ideology of the small-state. We have truly changed direction. And the wonder is that neither the contenders for the UK Conservative leadership nor the new leader of the Scottish Conservatives, Russel Findlay, seem to realise it. They are plodding on with "austerity" which, from this week, has become an out-dated ideology.

While all this high finance was going on, one of the Scottish government's flagship projects, a National Care Service, sunk into a peat bog of opposition and practical difficulties. The

Green Party has joined local councils and the trade unions in opposing it, which means the plan won't get through parliament. At least in its full form, though the government continues to insist it can rescue some of its features.

The idea was ambitious, to create a National Care Service to run in parallel with the National Health Service. It would solve the NHS "bed blocking" problem and is vital for meeting the needs of an ageing population. The trouble is there was no parallel tax system to fund it, such as National Insurance, so it was simply a nationalisation of the services already provided by local authorities. To which, of course, they objected, since it would take away a large slice of their responsibilities and their funding. Social work and care services make up about a third of their spending.

The answer should be to introduce a retirement levy to pay for care in old age, thus spreading the risk we all face of having to move into a nursing home or needing care in our own home. But new taxes are not popular, especially on older people, and politicians generally lack the courage to take a lead.



Alba Party launch with Lothians candidates Calton Hill PHOTO ©2021 The Edinburgh Reporter

Alex Salmond was an exception when it comes to Scottish independence. We've been thinking again about his life and legacy, as he was buried this week in his home village of Strichen in Aberdeenshire. [Tributes were paid to him in the Scottish Parliament on Wednesday.](#) The current first minister John Swinney said he'd left an indelible mark on public life. The Conservative leader Russell Findlay said Alex Salmond's influence had shaped our society. Certainly the idea of independence is never far from our minds.

But to put our current struggles in perspective, consider life at it was lived on the Isle of Skye 2,000 years ago. Recent research by archaeologists at a site overlooking Loch Eynort on the west coast have found a large, double-walled Iron Age fort at the centre of a busy community growing barley, rearing cattle and sheep and building an impressive fort to provide for their own defence.

Using aerial photography and laser scanning, they have

identified Kraiknish Dun on land belonging to the state-owned forestry agency Forestry and Land Scotland. It's now been designated a monument of national importance, reminding us of our past civilisations, and the possibility that we too might be buried in the undergrowth and forgotten in 2,000 years' time, or less, and that some future archaeologists will be trying to work out how we lived and paid for public services.