

Setting the Agenda



for a Scottish Defence Diversification Agency

£3

Report of a Seminar held by the Arms Conversion Project, the Scottish Trades Union Congress and the Scottish Campaign for Nuclear Disarmament.

**'Setting the Agenda
for a
Scottish Defence Diversification Agency'**

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Foreward

by Campbell Christie, General Secretary,

Scottish Trades Union Congress

In 1994 the Scottish TUC and Scottish CND joined forces to host a conference examining the safety and economic impact of Trident in Scotland. In 1995 it was decided to take the debate one step further. Teaming up with the Arms Conversion Project a seminar was organised on the role of a Scottish Defence diversification agency. This was identified as a priority in the run up to the next General Election at a time when political parties are putting together detailed policy proposals.

All opposition parties are committed to establishing a Scottish Defence Diversification Agency. None have set out in detail how such an Agency would operate. Outstanding questions remain about how an Agency would relate to a Scottish Parliament, the Ministry of Defence and the Department of Trade and Industry, or the Enterprise Agencies and local government. The Agency's precise terms of reference have also yet to be set.

The Scottish TUC believes firmly that defence workers, peace activists and local authorities representing the interests of local communities have a pivotal role of establishing the Agency's agenda. For in the absence of a central government lead, so far it has been up to local government, working with these groups - and local management from defence companies and military bases - to promote diversification.

It was heartening to see a seminar which pulled these interests together begin to establish the framework which a Scottish Defence Diversification Agency should follow. It must build on, and work with, the grain of local government initiatives already underway. It must help in the management of change for firms and local economies from military to civil production. For one thing is certain - there can be no going back. It is time to continue cutting Britain's defence budget - the Trident submarine programme should be a prime candidate for the axe.

However, the monies saved must not be squandered on pre-election tax bribes, or on simply keeping ex-defence workers on the dole. It must instead be re-invested in alternative jobs in order to maintain communities, safeguard the skills of workers and improve the quality of life for all. That is the serious challenge that a Scottish Defence Diversification Agency must face.

Introduction

In 1992 a report on the defence dependency of Scotland was published by Scottish Enterprise on behalf of the Scottish Office. The report entitled "Defence in Scotland", estimated that some 75,000 employees in Scotland jobs directly depended upon defence expenditure. Furthermore, the report warned that some 16,000 to 20,000 jobs could be lost over the period 1987-95.

The main strategic issues identified for the Scottish economy were:

- The inevitability of job losses;
- Threats to the major defence contractors;
- Threats and opportunities facing subcontractors;
- Research and development skills currently at risk;
- Potential contraction or closure of one or two military bases;
- The geographic concentration of negative impacts;
- Redundant military personnel and the possibility of attracting military units being relocated from overseas.

The long term economic development implications were regarded as mainly related to the effects on the major defence contractors in Scotland.

In response to these threats and the reality of continued job losses, within defence dependent companies and communities in Scotland, the Arms Conversion Project, the Scottish Trades Union Congress and the Scottish Campaign for Nuclear Disarmament held a series of meetings to consider how to respond to these issues. These bodies agreed that a common approach was required building on the previous activities of local authorities, trade unions and the peace movement in Scotland. In particular it was agreed that a Defence Diversification Agency (DDA), as proposed by all the opposition parties in Scotland could act as a central focus for diversification activities in Scotland. However, a little investigation indicated that whilst the political parties agreed that such an Agency should be introduced their had been little discussion on the role and functions of DDAs and how these would fit in with the broader industrial and economic policies of a future Scottish Parliament.

It was therefore decided that a seminar would be held in which the various bodies interested in the issue of defence diversification could come together to develop their ideas on what the role and functions of a Scottish DDA should be. The seminar entitled '*Setting the Agenda for a Scottish Defence Diversification Agency*' was held in the City Chambers, Glasgow on Saturday 3rd June 1995.

'Setting the Agenda for a Scottish Defence Diversification Agency' was attended by delegates from trade unions representing members employed in defence industries, military bases and the MoD civil service as well as delegates from the wider labour and trade union movement, the peace movement and local authority representatives.

The organisers would like to thank all of those who attended and participated in this event. We would also like to thank Bill Morris, General Secretary of the TGWU, for addressing a fringe meeting at the STUC Annual Conference drawing attention to the Seminar and the Morning Star Newspaper for publishing an article on the issue. We also extend our thanks to the City of Glasgow District Council for providing the use of the City Chambers for the event.

‘Setting the Agenda for a Scottish Defence Diversification Agency’

SESSION 1

Chair’s Opening Remarks

‘Setting the Agenda for a Scottish Defence Diversification Agency’ was opened by Jane McKay who welcomed delegates to the seminar, drawing their attention to the importance that the STUC and individual unions have traditionally placed on developing alternatives to the high levels of UK defence spending.

Jane thanked the ACP, SCND and STUC for co-operating together in arranging the Seminar which she hoped would play a constructive role in setting the agenda for the roles and function of a Scottish Defence Diversification Agency.

SPEAKERS

Bill Speirs, STUC

The STUC has campaigned for a reduction in defence spending but linked to this has always been the recognition that a strategy, to ensure that those skills and technologies tied up in the defence industries are not lost from our industrial base, would be required.

How ironic it is that those shop stewards, who have been advocating diversification, are often the first to be made redundant as a result of the 'Peace Dividend'.

The STUC believes that a Defence Diversification Agency should have a key role in managing the changes in defence requirements. However there is a question as to who such an Agency should report to.

The STUC support the establishment of a Scottish Parliament. A Scottish DDA could be set up by and accountable to such a Parliament. Whilst the STUC will continue to lobby the Government for such a Parliament and Agency it may well be the opposition parties which deliver.

However, we must begin to formulate our own ideas on what we want from such a SDDA, where it should be located and what resources it should have.

Tony Southall, SCND

Whilst SCND campaign for the removal of all nuclear weapons we are very aware of the impact that this would have on the industrial heartland of Scotland. We believe that nuclear weapons support some 10,000 jobs in Scotland. However, we also believe that the opportunities which nuclear disarmament would provide should ensure that those whose jobs are dependent on nuclear weapons have the opportunity to diversify their skills. This will need to be planned for and will require a strategy to ensure that jobs and skills are not ignored in the Peace Debate.

However, such a debate needs to take place. For the past 15 years the Scottish Labour Party Annual Conference has voted against Trident. Its resolutions have always called for alternative spending and employment. The 1995 resolution instructed the Executive to co-ordinate with other organisations in campaigning against Trident. SCND has written to the Scottish Labour Party requesting a meeting to discuss possible co-operation. So far no reply has been received. It would be helpful if trades unions affiliated to the Party also asked for action on this issue.

Ian Goudie, ACP

Scotland is one of the most defence dependent nations in Europe.

3.2% of the Scottish workforce is directly dependent on defence expenditure, as opposed to the UK average of 2.9%.

Reductions in MoD expenditure and restructuring of our defence industries has resulted in the loss, in Scotland, of some 20,000 jobs since 1987. Around 10,000 of these have been in our manufacturing companies.

However, these reductions in defence employment have not led to a diversification of Scottish industry, in fact the opposite has occurred. The devastating impact of the recession on Scottish industry coupled with the trend towards service employment has resulted in our manufacturing base becoming increasingly dependent on defence expenditure. The Scottish manufacturing base has risen from 4% defence dependency in 1985 to 10.7% today. The situation is exacerbated in that our defence companies represent for the most part the last bastion of successful high technology manufacturing in Scotland.

Many of Scotland's major companies and local communities are heavily dependent on defence spending. Previous cuts are already adversely affecting Scottish local economies and reductions in defence spending are expected to continue for the foreseeable future.

However, this crisis in the defence sector is different to other crises which Scottish industry has experienced in recent years. The defence sector contains substantial design, research and development facilities, it employs many of the Country's highest skilled scientists, engineers and technicians and it is also experienced in competing successfully at an International level. These factors provide the defence industries with the unique possibility of diversifying into new high-tech markets such as the rapidly growing market for socially useful products and environmental clean technologies.

The global market for environmental equipment and services, currently worth \$210 billion, is forecast to increase to some \$320 billion by 2000 and \$570 by 2010 whilst the £25 billion world market for armaments is expected to decrease by some 20% in the next 5 years.

Scotland has a proud history of developing socially useful technologies. Scottish Aviation Ltd, now owned by BAe and renamed Jetstream, designed an environmental friendly electric car, the Scamp, in 1964. However, then as now such initiatives were hindered by lack of Government support.

Promotion of Alternatives in Scotland

Unlike the Government, the Trades Union Movement, the peace movement and local authorities have all played a role in the promotion of diversification and conversion in Scotland.

In 1975 Scottish CND published a report entitled "Replacing Employment at the Nuclear Bases". In 1981 Rosyth Dockyard Unions published

"Defence Spending Reductions - Planning the Alternatives". In 1985 the Dumbarton based Alternative Employment Study Group was established and, together with the Trade Union Research Unit, produced in 1987 the first modern authoritative enquiry into defence employment in Scotland.

In the late 80s Rosyth Royal Dockyard diversified from one form of transport to another. Gaps in ship and submarine repair and maintenance work have been partly plugged by contracts to refurbish London Regional Transport carriages.

The end of the Cold War in 1989-90 prompted a spate of media reports dealing with the possibility that military demands were about to recede, and that Britain was about to enjoy enormous benefits. In November of 1989 Lothian Trade Union and Community Resource Centre, sponsored by Edinburgh District Council and Lothian Regional Council held a conference entitled "Arms Diversification - An Economic Necessity?" In December 1990 the Nuclear Free Local Authorities published a paper entitled "The 'Peace Dividend' and a Programme for Defence Conversion and Diversification" and the year of 1991 was to witness an outbreak of activity in Scotland: The Rosyth Campaign Group, Fife RC and Edinburgh DC, amongst others, issued reports on the economic and social implications of the 'Peace Dividend' on Scotland.

1991 also saw the establishment of the Strathclyde Defence Industries Working Group and the GEC Ferranti workers' '*Diversification Not Dole*' campaign, which included the first ever march and rally in Scotland calling for defence diversification. As well as raising the profile of the issues surrounding diversification, these initiatives resulted in the setting up, by Scottish Enterprise in 1992, of a Scottish Defence Initiative

KONVER

In 1993 the European Union announced a programme, entitled KONVER, to be used:

"exclusively for conversion to civilian activities and the production of goods useful to society with a view to sustainable development".

Scotland has been successful in receiving matching funding from KONVER and projects aimed at boosting the capacity of local economies to adapt are currently being implemented in Fife, Lothian and the West of Scotland.

However, there is a danger that diversification of the local economy, which KONVER is aimed at will result in a low paid, lower skilled, temporary contract based, non-unionised workforce. As indicated in the recent Survey of former Swan Hunter Workers.

We need to ensure that diversification is appropriate to local circumstances. We need to ensure that local authorities and defence trade unions are involved in the development of appropriate strategies.

If the National Government refuses to consult the National Trade Unions on diversification measures or Programmes such as KONVER. Then more the reason why Local Authorities should consult local trade unions. Diversification initiatives are taking place with co-operation between local authorities, defence companies and trade unions in Scotland, under the KONVER Programme. Company seminars have been held, as have Trade Union education programmes and a survey is underway to establish the post redundancy experience of defence workers in Scotland. Whilst these activities are undoubtedly under resourced, they perhaps offer a model which a properly funded and resourced Scottish Defence Diversification Agency could adopt. The involvement of these players, and others, is vital if a SDDA is to develop strategies which are relevant to defence workers, their local communities and the Scottish nation.

**‘Setting the Agenda
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SESSION 2

Chair’s Opening Remarks

‘Setting the Agenda for a Scottish Defence Diversification Agency’ Session 2 was Chaired by Councillor Louise Fyfe who welcomed delegates and stressed the importance that the ACP continues to place in working with as many organisations and political parties as possible in developing positive strategies on defence diversification and arms conversion.

Workshop 1

What role, if any, could defence trade unions, local authorities and a Scottish DDA play in counteracting the '*inevitability of job losses*' whilst ensuring that any diversification of our economy does not result in the creation of a low skilled, low paid, low value-added, non- unionised workforce in Scotland?

The discussions on the above question had been wide-ranging and interesting. In particular the workshop had reflected that the threat to defence job losses in Scotland was not only within the defence industry but also included jobs in military bases, the armed forces and the Civil Service.

As far as industry is concerned, quite clearly defence dependent companies have problems transferring directly from defence to civilian markets and/or products. More so when attempting to move into new products and new markets.

Finance is one such problem. Money for Research & Development for civil products is required. Whilst military R&D is supported by the Ministry of Defence, the Government is reluctant to support civil R&D and firms are left to find alternative sources of capital.

Defence companies also tend to have an inherent conservatism and need to be convinced that diversification is a serious option for them to consider. Positive examples of actual diversification are required, both for defence dependent company management and workforce.

A Scottish Defence Diversification Agency could help to provide such examples and also offer incentives for diversification. However, any incentives offered would need to be on the basis of accountability. A SDDA may need to look at the policies and track records of companies in considering whether or not they should be assisted in the process of diversification. A SDDA could also have a role in lobbying Government and Companies to assist the diversification process and in raising the profile of the issue.

However, a SDDA would need to be aware that concern has been raised with regards to defence companies diversifying into existing markets and therefore competing with existing civil jobs. A SDDA should therefore try to ensure that defence companies have the opportunity to diversify into new emerging civil markets and assistance in identifying and entering such markets could be provided by the Agency.

A SDDA would also need to be aware that the process of diversification is substantially different for military bases, MoD Civil Servants, and defence dependent companies. Whilst, some attention has been given to company diversification, a SDDA would need to consider appropriate positive uses for the future role of military sites and MoD civil servants.

Clearly such a SDDA would need to look at diversification not in isolation but as one part of an industrial strategy linked to the economy at large.

Workshop 2

What role, if any, could defence trade unions, local authorities and a Scottish Regional DDA play in maintaining 'research and development skills at risk' and in developing a strategy aimed at creating more jobs, wealth and intellectual property rights within Scotland?

To address the issues we need to appreciate that barriers do exist between military and civilian work. Military work has higher overheads, it is specification driven and is aimed at an entirely different type of market than its civilian counterpart. These differences and others present problems to the diversification process and need to be broken down.

To diversify we need to appreciate the nature of the defence industry in Scotland. For example 20% of UK aerospace and avionics activities is carried out in Scotland.

Scotland, including our defence companies, is a 'branch plant' economy which is situated in a peripheral location. There is also a growing Internalisation of Companies activities which needs to be taken into account, as does Government policy.

The Labour Party's concern with regards to low inflation levels requires an industrial policy. Campaigning will be required to ensure that those politicians concerned with the economy and industry recognise the importance of a Defence Diversification Agency to these plans. This can not wait until after the General Election as any new Government will be faced with a plethora of priorities.

The traditional short-terminism of the British Economy will also need to be addressed. Long term finance will need to be made available for major R&D projects. This would need some policies by Government, either in providing such funds or in introducing measures to encourage financial institutions or companies to invest in long term projects..

What would a Scottish Defence Diversification Agency be and how would it function?

It is envisaged that a SDDA would operate on a partnership basis, bringing together the different players, including Trade Unions, Local Authorities and Local Enterprise Companies. The SDDA could be located within Scottish Enterprise National and its LECs if these were opened up to reflect the local and national community needs.

Defence Companies have changed their attitude with regards to diversification and now recognise the problems which the changing defence requirements and budgetary restraints are placing on them.

Such companies may be willing to seek positive solutions and co-operate with a SDDA.

A SDDA could assist companies by investing in the 'front end' of projects. This should include help with Investment for R & D, in feasibility studies and in promoting innovation. Other support could be provided for skills audits, new marketing skills, market research, dual-use opportunities, (re) training, and in encouraging staff involvement in developing new ideas. There needs to be a long run approach from the SDDA.

The Foresight Programme could be developed linked with the role of DDAs.

British Aerospace's 'Competitive Challenge' could be expanded to improve performance and linked to initiatives under the European Objective 4 framework.

A Defence Diversification Agency could facilitate local and national initiatives and also provide a link with our European partners.

Germany provides funding opportunities. Companies team with the academia and develop spin-out ideas. We need to ensure that we are aware of the various steps being taken elsewhere and that we develop our own appropriate strategies.

Co-operation between the Trade Unions and Government could lead to a linkage between the awarding of Government (MOD) contracts and proposals for 'alternative use communities'. Such a DDA could therefore see its role not only in 'fire-fighting' but in being pro-active, assisting in the smooth transition from an economy based on defence dependency to a healthier, sustainable and more secure one.

Trade unions may need to examine their internal structures to ensure that they have the capability to allow them and their membership to fully participate in the diversification process. Trade union involvement at a national level is important but so too is the active involvement of defence trade unions at the regional, local and site level. Trade union research and training should be decentralised to enable meaningful input at a local and regional level.

Furthermore, a link between a SDDA and the academia would need to be established to ensure that the most appropriate (Re)Training and R & D can be developed and introduced.

Whilst, the industrial importance of diversification would indicate that the Agency should be part of the DDI it must also be linked to the MOD and have leverage in the awarding of MoD contracts. The MoD should not make decisions on contracts without considering the industrial consequences of its decisions and likewise companies wishing to bid for MoD contracts should be able to demonstrate a commitment to a policy of diversification of their activities.

A SDDA would need to adopt an 'action agenda'. Finding out what others are doing on the issue of diversification, looking at 'Best Practice' from within Scotland, the UK, other European Countries and further afield and developing strategies based on this knowledge but targeted at the specific circumstances of Scottish communities.

**'Setting the Agenda
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Mike Watson MP

Mike Watson MP

I welcome the opportunity to participate in this seminar on behalf of the Scottish Labour Party.

The discussions in the Workshop which I attended and the Rapporteurs reports have indicated a high level of debate on the issues surrounding diversification. This is not unusual, the role of trade unions in developing appropriate solutions has always been to the fore. One example is the role of my own union, MSF, in submitting proposals to the Labour Party on Labour Defence Policy and the necessity of establishing a Defence Diversification Agency.

The Labour Party Policy distributed as part of the Seminar material (Appendix A) is that which was contained in the 1992 General Election Manifesto. I believe that this could provide a useful starting point in establishing the specific role and functions of a Defence Diversification Agency.

The 1996 Labour Party Annual Conference will consider a policy paper which will link Defence with Foreign Affairs and Overseas Development.

The Scottish Labour Party, although committed to supporting a Defence Diversification Agency has not developed policies in the role of a SDDA in protecting and creating jobs. This industrial and employment remit of a SDDA would be difficult if the Agency was located solely in MoD.

However, the Labour Party's Spokesperson on Defence, Dr David Clarke, is a firm supporter of the policy to create a DDA and also of ensuring that long term MoD Procurement plans are provided to defence dependent communities and companies.

Defence dependent companies often complain about the insufficient notice that they receive of MoD procurement decisions. Such companies are not used to civil markets and techniques. Like 'Big Ships they change direction extremely slowly.

However, defence companies and workforces have extremely high skill levels and high technological capabilities, they are therefore able to adapt to new demands.

The process will need to be supported by the workforce and their trade unions. Previous trade union input to the debate, such as the TGWU/MSF/IPMS publication - 'The New Industrial Challenge' - has been extremely positive. The thrust from the trade union movement must be heard within the Labour Party and within a future Labour Government.

The relationship between Defence Diversification Agencies and their regional counterparts needs to be looked into. Regional DDAs may have different priorities depending on the circumstances of specific localities.

For example a Scottish Defence Diversification Agency may either work closely with or be part of a reformed Scottish Enterprise and LECs. However, the national Scottish

interests would need to be reflected within such an organisation. Furthermore, as the move towards regionalisation of England is at a different pace than the move towards devolution in Scotland and Wales, it is likely then that a Scottish Parliament would lead the way on implementing 'regional' policies and therefore would be likely to have a major say in the role and functions of RDDAs.

We need to consider the specific role and functions of a Scottish DDA but they are likely to include:-

- **Product planning and marketing** - new marketing expertise will be required to enable companies to enter civil markets;
- **R & D** - Long 'lead-in time' research and development without the usual market short term pressures will have to be introduced;
- **(Re) Training** - The workforce at all levels may need to learn new skills or production and administrative techniques;
- **Regional Aspect** - A Scottish DDA would need to work within the broader industrial and economic strategies and to consider the overall impact on Scotland rather than on a plant or site basis.
- **Partnership** - A SDDA would need the involvement of the MoD, the DTI, Training Agencies, Companies and TUs.

The Labour Party's commitment to establishing a DDA is not in doubt, however, the specific detail of the role and functions of such an Agency and its Scottish counterpart still need to be developed.

The STUC and ACP must feed the ideas, that they are developing on diversification, into the Labour Party at a national level. The Party will have to have in place much of the detail of how a DDA would operate, if we are to ensure the rapid implementation of such an Agency following the election of a Labour Government.

Bill Speirs

I give a firm commitment that the STUC will reflect and respond to the issues raised at this 'very useful' seminar and feed them back into our central policies, such as full employment.

The STUC will also discuss the outcome of the conference with the Labour Party's Scottish Front Bench and if the opportunity arises with the Leader of the Party, Tony Blair.

The STUC will also take up the invitation to feed the issues raised into Mike Watson and the Policy Commission on Defence and Foreign Affairs.

The issue of retaining R & D capabilities within Scotland is of vital importance to the STUC. The Government will be informed of the threat to Scotland's R&D base as a result of the mismanaged defence cuts. The STUC will also investigate what role they can play in the 'European Dimension' of the changing defence industry.

Louise Fyfe

The Arms Conversion Project provides a focus for the involvement of Local Authorities, peace groups and trade unions in developing relevant strategies. The ACP's 'networking' role is considered vital to all those wishing to be kept informed of developments on the issues of conversion and diversification.

**'Setting the Agenda
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Conclusions and Recommendations

Conclusions and Recommendations

'Setting the Agenda for a Scottish Defence Diversification Agency' was organised by representatives of the Trade Unions, the Peace Groups and the Local Authorities in Scotland. The event brought together, perhaps for the first time, the major actors concerned with the issues of defence conversion and diversification. The Seminar helped not only to highlight the extent of defence dependency in Scotland but also to reflect on some of the diversification activities which had taken place and to consider what type of activities should take place.

Whilst there can be no 'off the shelf' solutions to the problems and opportunities presented by the changing UK defence requirements, 'Setting the Agenda for a Scottish Defence Diversification Agency' did indicate that, by involving politicians, trade unions and local authorities, a framework for developing appropriate and relevant diversification strategies may be developed.

A number of key points are worth highlighting:

- Scotland is more defence dependent than the UK average. Defence cuts have a three pronged effect on Scotland's economy impacting on:
 - the Scottish manufacturing base,
 - Scottish military sites; and
 - Scottish based MoD civil servants.

Local authorities, Economic Development Agencies, Defence Companies and Trade Unions all have a legitimate role to play in developing appropriate diversification strategies. Scotland has recent experience of these players co-operating under the European KONVER Programme.

There is concern that defence diversification may result in either competition with existing civilian activities or in the dilution of the skill levels and incomes of the local labour market.

As well as offering a threat to jobs in Scotland, defence diversification also offers Scotland the opportunity to utilise existing skills in new emerging, more secure markets.

- These opportunities will not be exploited if left to the Free Market. Government policies will need to intervene to ensure that our defence industries and communities have the proper framework and resources to enable new markets to be entered.
- Such a strategy could be established by a Scottish Parliament and implemented through a revamped Scottish Enterprise.

The establishment of a Scottish Defence Diversification Agency should be seen as the starting point - not the end for trade union involvement in strategic change.

Whilst, it is only the politicians who can deliver a Defence Diversification Agency, it is up to all of those concerned with the impact of defence cuts in Scotland, to ensure that the political parties accept the need for a properly resourced and accountable Scottish Defence Diversification Agency. A Conversion Programme has been established in Bremen, Germany, which involves representatives of the workforce, companies and peace organisations working together with the Government to develop appropriate and relevant conversion strategies for Bremen. The organisers hope that this seminar will have played a part in ensuring that a Defence Diversification Agency, which is accountable and relevant to the people of Scotland, is delivered.

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The Contributors

The Contributors

Jane McKay is a lifelong peace activist. She is a member of the Transport and General Workers Union and is a member of the STUC's General Council and the Chairperson of its Economic Committee.

Bill Speirs is the Deputy General Secretary of the Scottish TUC and a regular contributor to the debate on Scottish Government post-devolution.

Tony Southall is a former further education lecturer and is a Joint Secretary of SCND and the Secretary of Scottish Labour CND.

Ian Goudie is the Development Worker for the Arms Conversion Project. Prior to this Ian was the MSF Secretary at GEC Marconi Avionics (Ferranti's) and led the Ferranti workers' highly successful 'Diversification Not Dole' campaign.

Cllr Louise Fyfe is a Glasgow City Councillor and Chair of the National and International Network of Nuclear Free Local Authorities (NFLAs). She has Chaired the Arms Conversion Project since its inception.

Mike Watson MP is the Member of Parliament for Glasgow Central. A former ASTMS/MSF union official, Mike is a strong supporter of a Scottish Parliament and is a member of the Labour Party's Foreign Affairs and Overseas Development Aid Committees.

Appendix A Labour Party Policy

'Labour will establish a Defence Diversification Agency with the responsibility of assisting workers, communities and companies affected by changes in British defence policy. The Agency will offer expert technical and marketing advice, channel recommendations on grants and financial aid, help in civil research and development and assist companies to tender for public contracts.

The Agency will operate under the Secretary of State for Defence, with representatives from appropriate government departments, **trade unions** and the defence industries. It will work closely with the Government's Procurement Executive.

In partnership with employers, **employees, and local authorities**, the Agency will help the diversification process.

It will co-operate closely with the Department of Trade and Industry, as well as **regional development agencies** and technology transfer centres, to support Labour's industrial strategy.

It is essential to maintain and use the considerable skills and expertise of people working in the defence industry, either by transferring them into civil industry or continuing to employ them in defence companies. The Agency will identify the size and nature of Britain's defence industry assets, commissioning a survey to identify the best practices in arms diversification both nationally and internationally.

Within MoD's overall budget, the Agency will administer a substantial fund to supplement the private resources devoted to diversification. It will encourage new commercial investment in civil manufacturing and R&D and help to pinpoint sales and marketing opportunities.

The Agency will have the power to provide interim financial support to companies whose defence orders are cancelled. It will also accept the responsibility for retraining or offering other assistance to service personnel whose skills are no longer required. Civil servants working in defence should also be given the opportunity to transfer to other departments.

We expect the defence industry to develop its own viable plans for diversification. Management and **unions** will be encouraged to co-operate to ensure that the process of change is as effective and painless as possible. Any company given financial help by the agency will be required to give assurances to minimise job losses.' (*Looking to the Future*)

Appendix B

Liberal Democrats Policy

'Government must ensure that resources released from reductions in defence spending and the defence industry are used in the transition of the arms industry into productive use in the civilian sector.

The development of arms conversion techniques, and advice with their application are clearly necessary, and should be provided by the DTI and the MoD working closely together. We propose the establishment of an Arms conversion Agency to carry out this task, and also to provide support to enable arms manufacturers to convert out of the business. In practice, this may simply lead to subsidising some companies to compete with civilian counterparts; we now believe that the general support for innovation and new product development that we propose elsewhere will be adequate. High quality training should also be provided for military personnel leaving the armed forces. If such conversion is achieved successfully, the net effect on the economy should be positive, with high levels of employment and of GDP than if no reductions are made.

The UK currently spends almost 50% of its government research and development budget on defence R&D. This over concentration has hindered the civilian sector, as much Specialised defence technology has little applicability outside its own area and because links between the two sectors are poor, due to classification of official information. Against the background of our general commitment to raising UK spending on R&D, we would reduce the proportion devoted to defence, aim to transfer resources from military to civilian sectors and attempt to improve the links between the two.

Finally, the use of defence resources- personnel, machines, research facilities, and so on - for civilian purposes should be encouraged. This covers a wide variety of activities, including disaster relief, development assistance, mine clearing in areas of former conflict, policing marine pollution, and civil or dual use R&D projects.

(UK Defence Policy)

Appendix C

SNP Policy

'The SNP is calling for a five-point defence diversification programme covering the key area of investment, training, factory building, the establishment of a Diversification Research and Development Centre, and infrastructure.

A Special Investment Fund is needed to provide low-interest finance to new and existing companies investing in the relevant areas.

A comprehensive Training Programme should be instituted to assist ex-forces personnel to obtain alternative employment in civilian life.

A programme of factory building is required to attract inward investment and to encourage existing companies to expand.

A Diversification Research and Development Centre would be able to identify new high-tech business opportunities which could develop in defence dependent areas. Working with the private sector, the Centre could set up new and joint ventures to develop high value-added goods for world-wide markets.

Finally a substantial programme of investment in the infrastructure of areas which are dependent on defence industries is needed, with priority being given to improving transport links. (*SNP News Release*)

'Setting the Agenda for a Scottish Defence diversification Agency'

The Organisers:

The Arms Conversion Report

The Arms Conversion Project (ACP) was established by Nuclear Free Local Authorities in 1988 to help develop relevant and practical responses to the adverse effects on national and local economies resulting from the changing defence requirements. Supporters of the UK wide Project include over 25 Scottish Local Authorities the STUC and a number of individuals, trade unions and peace groups.

The ACP co-ordinates and participates in diversification initiatives throughout Scotland, the UK and beyond, the Project publishes a bi-monthly newsletter entitled '*Networker*' and hosts an E-mail 'Bulletin Board' providing up to date information on all aspects of arms conversion and defence diversification. A leaflet entitled: '*Defence Diversification in Scotland*' is available free of charge from the ACP.

Further details on the ACP are available from:

Arms Conversion Project, c/o Town Clerk's Office, City Chambers, Glasgow G2 1DU

Tel: 0141-227 4173; Fax 0141-227 5997

E-mail: (Internet)glas-city-teo@mcr1.poptel.org.uk

The Scottish Trades Union Congress

The STUC represents 700,000 trade union members in Scotland. Established in 1897 it acts as the collective voice to Government and other Scottish level organisations for trade unions and trades councils. It remains in regular contact with local trade unionists across Scotland and has been involved in a number of defence diversification initiatives with Scottish local authorities, particularly the Strathclyde Defence Industries Working Group, the Edinburgh and Lothian Defence Diversification Initiative and the Arms Conversion Project.

Further details on the STUC are available from:

Richard Leonard, Assistant Secretary, STUC, 16 Woodlands Terrace, Glasgow G3 6DF.

The Scottish Campaign for Nuclear Disarmament

SCND has been in existence for more than 35 years. It was established as the first Polaris Nuclear Sub Marine was being brought by the USA Navy to the Holy Loch in Scotland. It has continued to campaign since then against any and every nuclear installation in Scotland. Its latest campaign is centred around opposing the British Government's escalation in the Trident Nuclear Submarine system. Their campaign is now centred around opposing this expansion of British nuclear weaponry at a time when the Cold War has ended. SCND envisage their importance growing as by 1998 the Trident and the hunter killer submarines, based in the Clyde, will be the only nuclear armed weapons in Britain. Many Scottish Union branches and area organisations are affiliated to SCND.

Further details on the SCND are available from:

SCND, 15 Barrland Street, Glasgow G41 1BR

**"Setting the Agenda for a Scottish Defence Diversification Agency" Edited by Ian Goudie.
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