GLASGOW'S ALCHEMY

HOW PUBLIC MONEY TURNS INTO PRIVATE PROFIT

A briefing by The SANE Collective on Glasgow's Covid Economic Recovery Strategy

AUGUST 2021

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Briefing report produced by Ben Wray for The SANE Collective
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KEY POINTS

- Glasgow's Covid economic recovery strategy is business-as-usual: seeking to attract capital to re-locate to Glasgow through marketing campaigns and investment & tax incentives, and public-private partnerships to develop infrastructure which is focused on enhancing business opportunities for corporations. This has been the standard neoliberal regional development model in Scotland and the UK for decades.

- Glasgow City Council has spent significant public money on Invest Glasgow and IFSD Glasgow, which both seek to attract inward investment to the city through offering free services, financial support and tax incentives, a package of public support which is not available to businesses indigenous to Glasgow. This puts Glasgow in a regional development race-to-the-bottom, with no guarantees that high-quality jobs which are sustainable and resilient to crisis will be generated.

- Businesses re-locating from outside Scotland to Glasgow have also been able to benefit from the Scottish Government quango Scottish Enterprise's Regional Selective Assistance (RSA) fund. An FoI request has revealed RSA has paid out over £80 million to attract companies to re-locate to the Glasgow City Council area since 2001, with an average grant of £826,000. In aggregate, this report (which is by no means comprehensive) has identified £662 million in public money which has gone towards business subsidies or investments in infrastructure which directly benefit corporations. This is very clear income redistribution from the Scottish public to multi-national corporations.

- 'Clyde Mission' is the latest cross-government scheme seeking to attract foreign capital, with the promise of public spending to support a wide array of private business developments.

- The proposal for 'Green Ports' is a Scottish Government twist on a Tory Brexiteer idea which has been rightly described as "neoliberalism on steroids". Glasgow's 'Green Port' would likely be located around Glasgow Airport, given the work that has already gone into making this area a business development hub, but the contradictions of a 'Green Port' based around an airport are obvious for all to see. Additionally, the idea requires UK Government approval, so will most likely never see the light of day.

- Glasgow's eight 'Transformational Regeneration Areas' are gentrification schemes, ploughing significant public money into housing developments where just a small fraction of the homes built will be social or council housing. The Sighthill development specifically, the largest in the UK outside of London at a cost of £250 million, will see just 15% of the homes built being social housing, with development evaluators accepting that it will lead to "some displacement" of the community, but arguing that this is "positive".

- An alternative regional development strategy would seek to replace this big business-led, extractive model with a public-sector led investment plan, aimed at maintaining the wealth generated through development by anchoring it in the community. Policies to deliver this would include transforming procurement by supporting local business and co-operatives ('The Preston Model'); lowering the cost of land for public-sector investment through a land/property tax and a Public Land Value Capture policy; and developing 'public-public partnerships' so that public money is mobilised for public-sector built infrastructure which is run for the public good. Finally, a democratisation of regional development is vital to end the tokenism of public consultation and have real citizen-led development.

WHAT'S THIS ALL ABOUT?

Stand anywhere with a view in Glasgow and you will see an edifice which has been financed, at least in part, by the public purse. Despite this, it's more than likely that the school, hospital, care home, house, office block or bridge that you see is either owned privately or the private sector has made a big profit in its construction. And we are not talking about small and medium sized enterprises (SMEs) here: the big profits go to big business.

The public financing of private developments cuts across all areas of the public sector in Glasgow, and reach into industry sectors which clearly are not in need of public financial support, such as banking.

In this briefing sheet, we will examine how this neoliberal model of regional development is being applied to Glasgow in the post-pandemic context, and what the alternative is.

(Note: While the focus of this briefing will be on the Glasgow City Council area, it will also include analysis of regional development in the broader Glasgow region, which includes GCC and seven other local authorities, specifically via the 2014 Glasgow Region City Deal.)

GLASGOW'S COVID ECONOMIC RECOVERY STRATEGY

When the pandemic hit, Glasgow City Council established a Glasgow Economic Recovery Group (GERG). The GERG was criticised in an open letter by progressive campaign groups for having a remit and composition that was business-as-usual and did not include the city's residents in the process.

A key policy prescription of the GERG was to encourage the Scottish Government to provide more business subsidies to support companies affected by lockdowns. These grants came without conditions, which could have included a commitment that businesses receiving funding must not fire workers, must commit to the Scottish Government's 'Fair Work' principles and pay the real living wage. In June 2021, it was reported that the council had given out £284 million in Scottish Government business grants to Glasgow businesses so far.

The GERG has now been wound down, with the executive group, which includes business organisation Glasgow Chamber of Commerce, overseeing the continued roll-out of its proposals. Council officers are now devising a new post-Covid economic recovery strategy to be presented to councillors later in the year, which The Herald reports will be focused on new efforts to attract businesses to invest into Glasgow, using a number of mechanisms:

- A marketing campaign based around 'the Glasgow narrative' and 'Zoom prospector' to highlight how attractive Glasgow can be for business;
- Strengthening the 'Clyde Mission', a cross-government project to 'regenerate' the Clyde;
- A business-led City Centre task force to address the challenges faced by the retail sector in particular;
- A bid to the Scottish Government for a 'Green Port', devised alongside private sector partners. Green Port is a proposal to create area restricted zones based around ports where tax and customs are lower than the rest of the country to attract businesses to invest there, and in return those businesses make a commitment to the Scottish Government's net-zero and Fair Work priorities.

Each of these priorities fit within the city's pre-pandemic economic strategy, as documented in numerous reports (see for instance here and here). The vision is to make Glasgow a "world class city" based on key strategic principles, including that "the public sector's role is to create the ideal conditions for growth" and the centrality of "partnership" working between the public sector and business, with the public sector's role being to establish "the necessary infrastructure to attract investment". These themes - of attracting private sector investment and public-private partnerships based around supporting private sector growth - are at the heart of the recovery strategy.

To examine this in depth, we will look at each of the council's priority areas for economic recovery in turn.

‘THE GLASGOW NARRATIVE’

The marketing of Glasgow to businesses is led by Invest Glasgow (IG), which is the council’s “inward investment” team. The “Glasgow Narrative” is IG’s pitch to potential investors, selling the city’s “business story” in a glossy 16-page power-point presentation, informing investors that the city is “comfortable with risk and experimentation”.

More importantly, IG also offers potential investors a number of free services to make investing that bit cheaper and easier, including help with finding “the right site/location”, identifying “partners, investors, developers and operators” and “fast tracking major planning applications or key developments”. Along with these services, financial support is also offered. The Invest Glasgow website states the following is on offer:

“- Investment incentives (Regional Selective Assistance, Venture Capital Fund and Equity Funding)
“- R&D and innovation grants
“- Tax incentives including tax credits and PatentBox (pay up to 56% less corporation tax)
“- Lowest corporation tax rate of the G20 countries
“- Location and property advice
“- Access to partners and networks
“- Access to Scottish research capabilities
“- Business development support
“- Staffing and recruitment support and subsidies
“- Dedicated aftercare

Remarkably, a council body is actively encouraging businesses to utilise tax avoidance mechanisms. The “PatentBox” was an idea first developed in ultra-low tax Republic of Ireland and has been widely criticised, including by the EU and the OECD, as a tax avoidance mechanism.

The most important grant over the past 20 years has been Regional Selective Assistance, which was delivered by the Scottish Government quango Scottish Enterprise, and essentially provided grants for companies to re-locate business to Scotland. An FoI request by SANE has uncovered that since 2001, over £80 million in RSA grants have been given to companies which have re-located to the Glasgow City Council area, approximately £2 million per annum. 97 grants were delivered in total, with the average grant worth £826,000, and the largest single grant worth £5 million. RSA is no longer publicly offered by Scottish Enterprise (although one RSA grant of £50,000 was still given in April 2021).

A Glasgow City Council spokesperson said that Invest Glasgow also offers “some financial support for companies locating to Glasgow from outwith the region that create new jobs – this is calculated on a case by case basis.” In seeking clarification on what that financial support is, the Council would only say that they “do not offer grants” and they have “recently reviewed and revised our offer to inward investors and therefore we have not directly financially supported any inbound companies to the International Financial Services District,” but this does not preclude financial support for businesses outside the IFSD. There is therefore a lack of transparency about what exactly Invest Glasgow offers in terms of financial support offered to business considering re-locating to Glasgow. Invest Glasgow has an annual budget of £475,800 (including salaries).

The council also has IFSD Glasgow, which does the same thing as Invest Glasgow but is dedicated specifically to growing Glasgow’s financial services district. Financial companies re-locating to Glasgow, which in recent years has included some of the world’s biggest banks, like JPMorgan Chase, can also be in line for tax and investment incentives. The website states that IFSD has secured over £1 billion in investment into the financial services district through public-private partnerships, over 90% of which has come from the private sector, meaning almost £100 million has come from the public sector.

This strategy of spending public resources and offering tax and investment incentives to entice businesses to re-locate to Glasgow is a corner-stone of neoliberal regional development strategies. The effect is to generate a race to the bottom, where Glasgow must compete with the likes of ultra-low tax Dublin in trying to meet all possible desires of big business to set-up shop in the city. In a race to the bottom, the only people who don't lose out in the end are the companies.

And all of this is done without making any demands on the companies in return, in terms of how long they will maintain operations in the city, the quality and security of jobs they will provide, or the tax contribution they will make to the local economy. Such a strategy is also inherently big business focused, with little consideration given to the potential negative impacts which an influx of mega-companies can have on the local economy, including raising property values and thus reducing housing affordability (the Republic of Ireland, and Dublin in particular, is exemplar here), and making small, local businesses, which may employ more workers per capita, uncompetitive when forced to compete with global giants with huge economies of scale. Local firms are also not offered the same tax and investment incentives from local government to do business in Glasgow.

Indeed, there is reason to be concerned by the government-supported expansion of Glasgow's Financial Services District, which the IFSD Glasgow website boasts has expanded by three million square feet since IFSD Glasgow launched in 2001, with a 34% growth in financial services employment since 1995. Nicholas Shaxson has written of the 'Finance Curse', whereby the huge size of the financial sector in the UK acts to distort and degrade the 'real economy' around it through hugely expanding private debt and increasing the cost of land and property, making productive economic activity more expensive. Shaxson estimates that the City of London has cost the UK economy £4.5 trillion since 1990.

Glasgow City Council would do well to consider a new approach to investment, focusing first and foremost on supporting the city's indigenous economy, especially small businesses and co-operatives that are building decent, sustainable jobs anchored in the city over the long-term and which have positive effects on inducing economic activity around them, rather than an 'extractive' impact.

CLYDE MISSION

The Clyde Mission is a project spanning across the Scottish Government and local authorities based in the broader Glasgow region around the river Clyde, and is also being supported by UK Government funding as part of the Glasgow region City Deal agreement in 2014. The basic idea is to support economic development along the Clyde, which is a post-industrial area of high economic deprivation and with significant land which is currently vacant or landbanked, as well as maximising the Clyde's potential in cutting carbon emissions in coming years.

Once again, the key strategy appears to be to attract inward investment of foreign capital by presenting the Clyde as a great international business opportunity. The Scottish Government states that their "initial work will focus on developing a compelling investor prospectus", and the Glasgow City Region website (which represents the eight local authorities which are part of the 2014 Glasgow region City Deal) describes Clyde Mission as "the biggest investment opportunity in Western Europe".

Part of that business opportunity is undoubtedly the £1.3 billion in public money which is already going into 21 infrastructure projects in the region through the City Deal agreement in 2014. A significant number of these projects are specifically designed to support private sector developments, and thus are in effect a form of public subsidy to big business.

For example, the "Exxon City Deal project", worth £34 million, is effectively picking up the costs of depolluting the former oil site in Bowling, near the Clyde, now that ExxonMobil, one of the world's largest oil corporations, no longer has use for it. Once the land is remediated, it will be used for business development in the area. The engineering contract for the project has gone to DEC, part of the DEME Group, one of Europe's largest engineering firms headquartered in Belgium. The parent company of the site, Esso, selected DEC and is project managing the development, despite handing over the land to West Dunbartonshire Council and paying £1 million, which seems like a pretty good deal for the company since the costs of depolluting the site will make up a significant chunk of the £34 million public investment.

(Bowling is in the West Dunbartonshire Council area at the mouth of the Clyde, and as such is some distance from Glasgow itself, but the ethos of the project is largely replicated in the other 20 infrastructure projects, such as the £89 million Canal and North Gateway, which is based in the city itself and is part of a wider gentrification project which is explored further in the 'Transformation Regeneration Areas' section below.)

The Scottish Government plans to raise more public cash for developments on the Clyde, including through the "Green Growth Accelerator model", which builds on the Growth Accelerator model of the Scottish Future Trust (the Scottish Government's infrastructure quango), whereby the Scottish Government will offset the borrowing costs for local authority public-private partnership (PPP) infrastructure developments as long as those projects meet a number of performance-based targets, including lowering emissions.

This approach seeks to double down on the PPP model of infrastructure development, where a private consortium of construction firms and banks pay the upfront costs of building new public infrastructure, and the public sector then pays those costs back over a 30-40 year period. The total cost of the projects to the public purse can be three to four times the initial build costs.

The first version of this model, Private Finance Initiative (PFI), was scrapped in 2007 when the SNP came to power at Holyrood, but while Scottish Future Trust's subsequent iterations - Non-Profit Distributing (NPD), Hub and the Mutual Investment Model (MIM) - cut out some of the more obscene aspects of PFI (like the equity stakes the private consortium would take in the public infrastructure project) the same essential 'build now, pay later' financial structure remains in PPP.

This is significantly more expensive than if the government borrows money directly to fund infrastructure development, as the cost of public borrowing has fallen to historic lows for almost a decade.

Other Clyde Mission related developments should at least be assessed sceptically. The new Barclays' Campus in Tradeston, for example, has been proclaimed with much fanfare by government due to the promise that 2,000 new jobs will be brought to Glasgow by Barclays bank, which is making Glasgow their new northern European hub.

However, there has been little consideration given to how volatile jobs have been in the banking sector in recent years, with increasing automation of many lower-level banking jobs leading to large layoffs at many banks. Nor has much thought been put into whether the pandemic, which has dramatically increased the amount of banking jobs which are now done remotely, may affect the 2,000 jobs headline figure. Barclays has [launched] a review of its "property footprint" in wake of the pandemic, with more staff home working. It's already decided to vacate one office in Central London entirely.

Other aspects of the Tradeston property development, for which Barclays are the "anchor tenant", includes two 18-story build-to-rent towers, for which asset management multinational Legal & General will be the landlords. Legal & General got into the build-to-rent sector in 2016 due to the huge profits to be made due to the deregulated nature of the private rented sector in Scotland and the UK. This suggests that Tradeston is set to become a site for property speculation, in the hope that the properties will attract an extremely high rent due to their location next to the Clyde and the new Barclays Campus, and thus will be out of the price range of many former residents of Tradeston, who are likely to be displaced as a result.

Despite the fact Barclays is one of the world's largest banks and Legal & General manages assets worth over £1 trillion, public cash has still gone into supporting the Barclays Campus project to be a commercial success. Barclays received a grant fund of £12.75 million from Scottish Enterprise towards the Campus development, and Glasgow City Council "has been instrumental in turning the initial proposal into a viable scheme", [according to Scottish Financial Enterprise] (an industry lobby). Additionally, £1.2 million of City Deal money is going towards improving Tradeston bridge, which connects the new Campus to the City Centre. Barclays are giving £1 million to the bridge upgrade.

THE CITY CENTRE TASK FORCE

The council established the City Centre Task Force (CCTF) in November 2020 as a "public-private partnership response" to the pandemic crisis, jointly chaired by the council and business group Glasgow Chambers of Commerce, and with members from local and national government as well as business representatives from the retail, hospitality, events, the night-time economy, transport and commercial property, and further and higher education representatives. Once again, there was a distinct lack of citizen representation, nor trade union involvement.

The CCTF received a £650,000 grant from the Scottish Government "to support work on City Centre events, marketing, outdoor space, and the repurposing of property". The scope of CCTF's work is fairly short-term and typical of the council's economic response to the pandemic in general: business support programmes and marketing plans to attract businesses and consumers into the City Centre.

The pandemic crisis should generate more searching questions within government about the nature of City Centres and how they may need to undergo a quite profound transition. If consumers are going to shop more online and less in physical shops, does Glasgow need to consider the prospect of a considerable number of empty retail lots in the future, which could instead be re-purposed for childcare use or as cultural centres? If workers are going to be working from home more, will commercial property increasingly be redundant, and could it be re-fabricated into decent-quality housing? And with an increased focus on public health and public space, is there an opportunity to establish permanent changes to Glasgow's City Centre which boost active travel and create more green space, as other European cities, such as Barcelona, are doing?

These sorts of questions require thinking outside of a narrowly commercial frame, and instead considering the City Centre in its broader social, cultural and public health dimensions.

GREEN PORTS

The Scottish Government has announced that it is pursuing a variation of the UK Government's plans for "Free Ports", an idea developed by UK Government Chancellor Rishi Sunak and described by economist and journalist George Kerevan as "neoliberalism on steroids."

"Free Ports are designated zones which, although inside the geographic boundary of a state, are considered legally outside for customs and other purposes," Kerevan writes. "This means goods and raw materials can enter and exit the port without incurring usual red tape or tariffs. It also means that companies creating manufacturing plants inside the zone can receive preferential tax breaks."

The impact of Free Ports on the wider economy is to undermine regulatory and planning standards and tax levels, generating a race to the bottom which will "make local authorities compete through lower council tax," Kerevan adds. And rather than creating new jobs, they only act to shift jobs geographically into the free port zone.

The Scottish Government's proposal for Green Ports lacks clarity on details, but since the only distinguishing features presented so far is to ask for net-zero and fair work commitments, it is reasonable to conclude that the essential feature of Free Ports - undermining tax, customs, regulation and planning standards - remain.

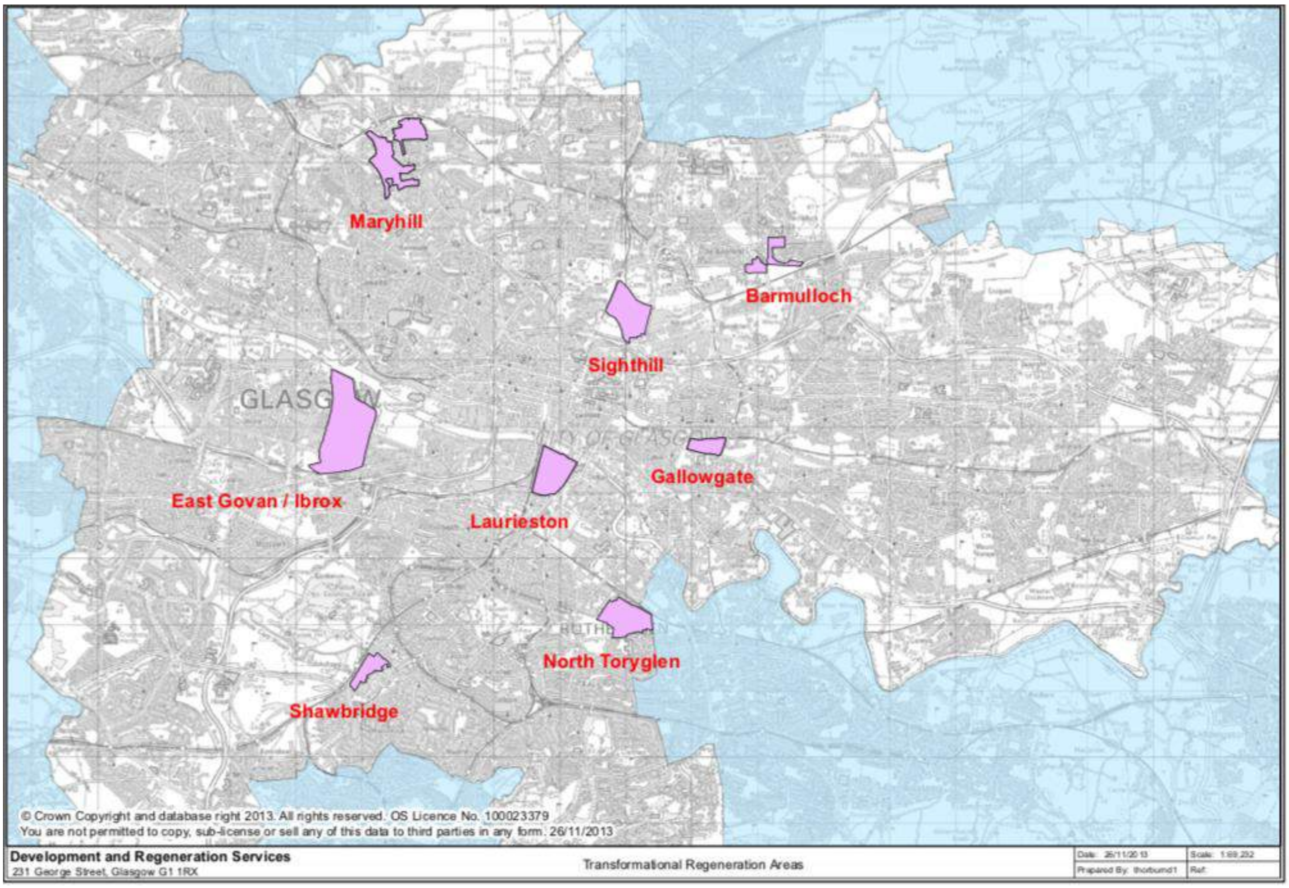
In the Glasgow region, it is already clear that the council's interest in Green Ports is likely to center around Glasgow airport (which is located in the Renfrewshire Council area but is considered a key transport hub for Glasgow City Council), where a City Deal funded plan for an airport rail link to Paisley and Glasgow has been put on hold while Glasgow City Council pursues a feasibility study for a Glasgow City Region Metro, which would include an airport link. A separate £39.1 million City Deal project, the 'Glasgow Airport Investment Area', 'is "aimed at improving connections between the Westway, Inchinnan and Airport Business Parks and as an enabler for the delivery of an internationally recognised district for innovation, research and manufacturing centred around the airport."

If the area around Glasgow airport were to become a Green Port, it would presumably include Glasgow airport itself, which is owned by AGS Airports, which also owns Southampton and Aberdeen airports. How would this company plausibly meet net-zero commitments, given there is currently no viable alternative to the use of fossil fuels in aviation? And would AGS Airports ensure not just all employers in the Glasgow Green Port - which would include notoriously low-paying supermarkets and retailers, as well as aviation companies - are Fair Work compliant, but also all of the workers in Southampton and Aberdeen airports as well?

The potential for a Glasgow airport based 'Green Port' highlights the absurdity of trying to put a green and social justice gloss onto an idea which is rooted in the more radical elements of post-Brexit neoliberal thinking. There is a good chance that the Green Ports idea will never see the light of day, since the Scottish Government requires the backing of the UK Government to pursue it, which is yet another reason why Glasgow City Council should not be hitching its post-Covid regional development strategy onto this particular wagon.

'TRANSFORMATIONAL REGENERATION AREAS'

Glasgow City Council's 'Transformational Regeneration Areas' (TRAs) were not mentioned specifically as part of the city's Covid economic recovery strategy, but they are worth examining nonetheless, since they make up a crucial part of the council's development plans, especially when it comes to housing.



There are eight TRAs across the city, six of which are currently in the process of being developed (Gallowgate, Maryhill, Laurieston, Sighthill, North Toryglen and Pollokshaws), while two are yet to start work (Red Road/Barmulloch and East Govan/Ibrox). Each TRA represents a significant financial investment from the public purse, but for every home created in the TRA programme, only a small fraction be social housing. The council states that: "Across the TRA programme, approximately 600 homes for social rent are planned along with an estimated 6500 homes for affordable sale or mid market rent." Therefore just 10% of homes built with any affordability criteria will be social housing, but when one includes private-rental and private sale housing for general release, that % falls even further. For such a large public investment, it is disappointing that so few publicly owned assets will exist at the end of it.

The Sighthill development in particular has caught the headlines due to the fact that, at a cost of £250 million, it is the largest regeneration project in the UK outside of London. The Sighthill Transformational Regeneration Area (STRA) is a a partnership between the council, Glasgow Housing Association and the Scottish Government, and also benefits from City Deal funding as it is part of a wider regeneration project spanning Sighthill, Port Dundas, Cowlairs and Speirs Lock called 'Canal and North Gateway'. Once complete, STRA will include a new pedestrian and cyclist bridge across the M8 to the City Centre, a community campus, and nearly one thousand homes: 628 for private sale, 198 for mid-market rent, and 141 social rented housing. Less than 15% of the housing on a project costing the public purse £250 million will be social housing.

This paucity of social housing is likely to price out the majority of the former residents of Sighthill, who have left as multi-story tower blocks have been demolished in 2008, 2013 and 2016 to make way for the STRA. There were previously 2,500 public homes in the Sighthill area, according to urban geographers Melissa García-Lamarca and Neil Gray.

“In total, over 3,000 new homes are being built in the canal area, with 20% of new residences slated for social housing and the remaining 80% for private development,” García-Lamarca and Gray add. “The majority of the private homes are for purchase, with average prices of around £200,000, far more than what deeply impoverished local residents can afford.”

García-Lamarca and Gray also describes public consultation exercises on the development as “tokenistic”.

“Several public consultations have taken place, where people can place sticky notes on plans to express what they want or need,” they write. “Many local residents and workers we spoke with were quite critical of these consultation efforts. Overall, they were seen as tokenistic, delivered in a top-down fashion and with few locals present in relation to the plethora of Council employees.”

In the City Deal evaluation of the Canal and North Gateway, of which STRA is a part, it is accepted that it “will result in some displacement” of residents, but states that this is a “positive development”, because it is “investment flowing into an area that has been identified as a regeneration priority and historically suffered from high levels of deprivation as well as multiple land and property market failures.”

The fact that Glasgow evaluators see displacement of those in poverty as a positive is a remarkable admission, but not all that surprising. “Regeneration” has long been politician speak for “gentrification”, where poorer residents are cleared out of urban centres to make way for wealthier residents who can afford mortgages and pricey rents. Sighthill and the broader Canal and North Gateway area, on the edge of both the City Centre and the West End, is ripe for gentrification.

What the evaluators conveniently forget is that it is the people who live in an area that matter much more than the physical place itself, which without community is just buildings, tarmac and grass. Deprivation is not solved by displacing people and replacing them with wealthier residents; that merely moves the problem to somewhere else. To tackle deprivation requires investment in the communities which make up places, an insight that is sadly missing from development plans in Glasgow.

AN ALTERNATIVE REGIONAL DEVELOPMENT STRATEGY

Glasgow's regional development strategy is centered around attracting private capital to the city and developing infrastructure in partnership with big business. In the process, public money does not only turn into private profit, but that profit then leaves the city, since the majority of these big firms are headquartered outside of Scotland, and many make full use of tax havens.

The most notorious example of this extractive development model is Glasgow's PFI-built schools, in a 2002 deal with the '3Ed' consortium made up of the Bank of Scotland (now HBOS), the Miller Group and Amey PLC to build and maintain 29 secondary schools and one primary school. 20 years after the contract was signed and with just nine years left, the remaining cost to the council as of 2020/21 is £562 million, significantly more than the £346 million value of the asset. The interest rate is a huge 8.37%. To make matters worse, the 3Ed consortium sold the schools to the John Laing Infrastructure Fund, which is registered in the tax haven of Guernsey, meaning they don't pay any tax in Scotland.

In this report, we have only identified a few examples of how public money turns into private profit in Glasgow (this briefing is far from comprehensive), but in the specific cases we have examined (STRA, pandemic business grants, the Barclays's Campus grant and bridge, the Exxon City Deal Project and the RSA grants) £662 million of public money in total has gone towards subsidies and investments which boost the coffers of the private sector.

An alternative regional development strategy would seek to replace this big business-led, extractive model with a public-sector led investment plan, aimed at maintaining the wealth generated through development in Glasgow by anchoring it in the community. Not only does this have the advantage of tackling inequality while developing the economy, but it is a resilient strategy - big business investment is just as likely to go as it is to come based on the changing financial climate nationally and globally. Public-led community wealth building is much more dependable.

In Preston, a former industrial center with some comparable characteristics to Glasgow, a model has been developed along these lines which is now known as the Preston Model. The idea emerged because "traditional city growth models, based on attracting inward investment for big infrastructure projects, could no longer be relied upon," found Clifford Singer, a researcher at the New Economics Foundation.

Instead, the town "embarked on a remarkable community wealth building program, which aimed to ensure that the large amounts of money leaking out of the local economy were instead invested in local businesses and, in particular, cooperatives."

The key to the Preston Model was to understand where public spending ultimately ended up, and they realised that large sums were leaking out of Preston's local economy, particularly because procurement (public contracts for private-sector service delivery like food for schools) were mainly going to big businesses. Just 14% of procurement spending stayed in Preston. But to change procurement contracts so that they remained in the city, the council had to actively support the development of co-operatives and local businesses who were capable of delivering the contracts instead. GCC leader Susan Aitken has spoken the language of "community wealth building", but so far the only muted development has been a pilot project in partnership with the Scottish Government.

The Preston Model has come up against limitations, not least that the small schemes that co-operatives and small businesses can facilitate, do not attract big financial investment. This is where the need for the public-sector to lead development directly comes in. The Scottish Government has established a Scottish National Investment Bank, but what it needs is large, dependable investments that will bring in solid financial returns over a long period of time. Local Authorities could provide that by setting up public companies to lead, for example, public housebuilding projects. This could also attract investment from Scotland's enormous council pension funds. This sort of public-public partnership model cuts out the private consortiums of banks and construction firms that seek maximum profit from projects and extract wealth from the city.

Public-led regional development could be made much more affordable if the price of land was brought down. A local tax on property/land, perhaps to replace the outdated and unfair Council Tax, would see under-used or land banked land mobilised for development, and would have the added bonus of raising crucial funds for local authorities to invest directly, while bringing down house prices and the cost of rent for the city's residents.

Additionally, a public land value capture policy - where local authorities can buy land at use value, rather than market value - would make financing public development projects easy, since councils could borrow against the future uplift in the value of the land after it is developed. It was this policy which allowed East Kilbride, Cumbernauld and other "new towns" to be developed through the Clyde Valley Regional Plan after the second world war, and more recently has been used in Amsterdam and Hamburg.

Rather than competing in a neoliberal race-to-the-bottom that Glasgow can't win, the city can instead focus on building up its own wealth through public investment in public companies as well as supporting local businesses and co-operatives through a 'Preston' type approach to procurement. This must also be based on an entirely new understanding of what economic development means in an age of pandemics and climate emergency, one that recognises the fundamental incompatibility between capitalist growth models and ecological imperatives.

Above all, Glasgow needs a regional development strategy based on genuine democratic input from citizens, where communities are involved in devising plans from the start, where citizen assemblies replace public consultation exercises which often consist of little more than box-ticking. Following the pandemic, business-as-usual won't work - it's time to do things differently.