SCOTLAND: THE REAL NORTHERN POWERHOUSE?
Derek Mackay / Ruth Davidson / Richard Leonard
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Many places can claim to have invented the modern world – it was, to be fair, a group effort – but Scotland has done more to merit the accolade than perhaps any other. Scottish inventors built the television and the telephone, the two most important developments in creating the connected globe, and developed the steam engine, which drove the industrial revolution. One Scottish engineer invented the tarmac that covers almost all of the world’s roads, while another created the pneumatic tyres that drive on them; still another invented the bicycle, the world’s most numerous form of transport. Radar, the ATM, cloning, the hypodermic syringe, the refrigerator and colour photography were all introduced to the world by Scotland, along with penicillin, electromagnetism, economics and the oil industry.

Meanwhile, Norway, a country four times larger geographically and with almost the same size population, invented the cheese knife and the paper clip.

But a history of innovation does not translate into present-day success. In the UN’s Human Development Reports, which rate countries on life expectancy, education and income per capita, Norway has topped the list for 13 years in a row. Scotland’s economic growth is the lowest in the EU. How can Scotland be more like Norway? The cynical reply is that it can’t, because Norway has vast natural resources and the world’s largest sovereign wealth fund. But Scotland has the potential to capitalise on the same new energy markets, such as wind power, it can sell its goods through the same communication network, it has a financial sector that could provide the stimulus its economy needs, and it has some of the world’s top universities and colleges. If Edinburgh and London were American cities, they would be close enough to occupy the same state. The natural, financial and intellectual resources exist for Scotland to flourish once more. In this report, you’ll find a variety of ideas on how that can be achieved, by the people planning to make it happen.
Breaking the Tory mould

The leader of the Scottish Conservatives, Ruth Davidson, talks to Will Dunn about her plans for the Scottish economy and the future of her party

Ruth Davidson is not going to be the next Tory leader. “I’m sitting in a different parliament that’s not the House of Commons, I’m about to go on maternity leave, and I don’t want it,” she explains, “so for these three reasons, I will not be the next leader of the Conservative Party.”

These obstacles do not prevent people from speculating when she will try, however, and many in her party would like her to. A recent YouGov poll of Conservative members ranked Davidson as the senior Tory most likely to be able to win a general election; she also ranked in the poll as being perceived as both the strongest leader in the party, and the most competent.

Spotlight’s own survey of local government in Scotland (p12) revealed that this admiration is not restricted to Conservatives. Davidson was the leader most likely to gain approval from councillors outside her party, and Labour councillors in Scotland told Spotlight they thought Davidson is doing a better job of leading her party than Richard Leonard or Jeremy Corbyn are of running theirs.

Voters respond to authenticity, and while Davidson may be unconventional for her party – “I’m about to be an unmarried lesbian mother,” she chuckles, “so I really fit the Tory mould”, she makes no excuses for who she is and what she thinks. It is easy to see why many find the fast-talking, fiercely competent Davidson a more convincing representative of modern Britain than the pound-shop Churchill or the vicar’s daughter in the wheatfield.

The admiration comes from Davidson’s formidable turnaround of the fortunes of the Scottish Conservatives. In the 2016 Scottish parliament election the party more than doubled its seats, robbing the SNP of its majority and pushing Labour to third place in Scotland for the first time in almost a century.

Like Sadiq Khan and Andy Burnham, Davidson enjoys the benefits of a strong political position outside Westminster: a defined social and economic area upon which to focus her efforts, local support, and freedom from the obligations and machinations of central government.

And while the Scottish economy has its challenges, Davidson says economic success can be built here. “I think people forget that Glasgow is the third city of the UK. It’s bigger than Manchester, it’s bigger than Leeds, it’s bigger than Bradford, Sheffield, Liverpool.” Scotland is not, she says, “all shipyards and textile factories. We’ve seen a huge change in the Scottish economy. We’ve got to understand that we’re a small country, so..."
we can’t do everything, but we have some areas of genuine, world-beating expertise, which I think a focus on would help hugely. I’ve mentioned before about deep-sea and ‘hard to get’ oil and gas; we’ve got opportunities in decommissioning; we’re ahead of the pack in terms of great swathes of biotech, with fin-tech and financial services, and we’ve got fantastic provenance when it comes to food and drink.”

Developing these areas of expertise is, for Davidson, the key to tackling Scotland’s huge deficit. Last year, Scotland’s public spending bill was over £4bn more than the country received in tax.” In terms of growth, we have the lowest projected growth of any EU nation. We are projected to grow at less than one per cent for the next five years, which is the longest period of low growth since the Second World War. We’re growing at about a third of the rate of the UK economy,” she says, but insists that “we would absolutely be able to balance the books if we could get growth right, if we could get productivity right.”

Fewer than 100 businesses, Davidson points out, provide more than half of all the international exports going out of Scotland. “Most of our economy is made up by a few really big firms, and then lots of very, very small firms; we don’t have what the Germans would call a Mittelschaft. R&D spending is the lowest of any part of the UK.” This isn’t due to a lack of ambition, she says, but a regulatory environment that makes other parts of the UK more attractive to business. “Our businesses are sparsely here,” she says. “The large business supplement in Scotland is double that of the rest of the UK, property taxes are higher, income taxes are higher. Scotland is getting a reputation as the highest-taxed part of the UK, that is also furthest from main markets – so it also has the extra ‘taxation’, if you like, of getting goods to market. And funny enough, we have an economic growth rate that is a fraction of the rest of the UK. And funnily enough, we have an ‘taxation’, if you like, of getting goods to markets – so it also has the extra.

The truth about Scotland today, however, is that Scotland is only a great place to live and to raise a family for some people. The day before this interview, a study by the University of Liverpool published research showing that all ten of the most deprived areas in Britain were in Glasgow, where Davidson first won a seat in the Scottish parliament.

“The statistic that I recall from being a journalist in Glasgow is that the average age of a first-time mother in Bearsden to choose another part of Britain?" As with the deficit, Davidson sees economic growth as the answer. “If we make Scotland as attractive as the rest of the UK, suddenly we’ve got thousands of extra workers every year. Let’s concentrate on that, let’s make people understand that Scotland is one of the best places to get the whole package - to live, to work and to raise a family.”

Take into account behavioural shifts caused by tax changes, her sternest criticism of the SNP is on the education that will train people to work for Scottish businesses in the future. While she has not gone so far as to say that universities in Scotland should be allowed to charge the same fees as the rest of the country, she says free university education has cost Scotland’s higher and further education colleges dearly. “The Scottish government cut college places in order to help fund places without fees in universities. There are now 38 per cent fewer college places than there were when they came to power; 150,000 college places have gone across Scotland since 2007. We have fewer kids from poorer backgrounds going to university now. We have fewer Scottish kids going to university than we did before they introduced this policy – but it’s a cultural shibboleth for them.”

There are demographic factors, too, that will affect the ability of Scottish businesses to grow in the years to come. Scotland’s population is ageing more quickly than the rest of the UK. The National Records of Scotland predict that the number of people in Scotland aged over 75 will increase by almost a third within a decade. To support this much higher proportion of older people, Scotland will either need to suddenly have a much higher birth rate (it sank this year to a 17-year low), or it will need to attract workers from abroad. Scotland, however, has about half the level of immigration of the rest of the UK.

Nicola Sturgeon called last month for immigration powers to be fully devolved to Scotland when they come to the UK as a nation. We are projected to grow at less than one per cent for the next five years, which is the longest period of low growth since the Second World War. We’re growing at about a third of the rate of the UK economy,” she says, but insists that “we would absolutely be able to balance the books if we could get growth right, if we could get productivity right.”

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“The statistic that I recall from being a journalist in Glasgow is that the average age of a first-time mother in Bearsden
“Our businesses are spanked here”

was the same as the average age of a first-time grandmother in Shettleston, which was 40, for each,” remembers Davidson. The Calton area of inner-city Glasgow was found, in 2006, to have a lower average life expectancy for men than Iraq or the Gaza Strip. “There are huge disparities in terms of health inequality and worklessness,” Davidson acknowledges. “Health outcomes are low, and Scotland, despite having rewritten its drugs strategy nine years ago, still has the highest proportion of drug deaths of any EU nation. We have significant social problems here.”

In her current constituency of Edinburgh Central, Davidson says inequality takes a different shape, that it is “masked. Unlike any other part of Scotland, around a fifth of kids in Edinburgh go to a fee-paying or independent school. That’s really unusual. We also have areas of huge deprivation within the city that are very close, because Edinburgh’s quite a small, contained city, to areas where you have houses that cost over £1m.” A housing crisis is growing in Scotland, and particularly Edinburgh, just as it did in England. “As an example, I’m the leader of a political party, I’m not badly paid; I only bought my first house last year.”

Davidson says, because even first-time buyers with good jobs have to raise large deposits to buy in a market where demand greatly outstrips supply. In Edinburgh, a city bounded by geography, “some of the most expensive streets in the UK are within a mile of some of the most deprived areas. That disparity is a particular challenge for the city.”

Where more free-market Tories might see the wealth gap as incidental to the problem of deprivation, Davidson says the gap itself “is a problem,” not just for individuals but for “the social fabric. It’s fine for people to say that the Gini coefficient shows that inequality has fallen to its lowest level since 1978, but it doesn’t feel fair. It doesn’t feel fair for people who are growing up in a pit town without a pit, or a factory town without a factory, and seeing people go past in Bentleys when they’re struggling to make ends meet.”

In articles for the Guardian and Unherd last year, Davidson wrote that “nationally and internationally, capitalism needs a reboot,” a line that could almost have been written by John McDonnell. While she is in her policy and her allegiance a business-championing, tax-averse Tory, Davidson appears to be one of relatively few politicians in a polarised climate who can look calmly at the economic policy of their opposition and see not only its weaknesses, but also the reasons that it wins votes. Ruth Davidson will not be the next leader of the Conservative party. But at 39, though she leads a political party, she is still very much in the early stages of her career. If she can deliver more of the success she promises for Scotland, she could well prove to be a decisive figure in elections to come.
Derek Mackay, the Scottish National Party’s Cabinet Secretary for Finance, Economy and Fair Work, explains how technology is catalysing Scotland’s economy.

Scotland’s calling

Scotland is already an established, successful financial hub – and that will continue in spite of the uncertainties posed by Brexit. Scotland has a strong heritage and international reputation in financial services and is home to some of the largest financial services companies in the Europe, such as Aberdeen Standard Investments and Royal Bank of Scotland, and to a thriving fintech sector.

It is the UK’s most complete financial services centre outside London, with world-class capabilities in banking, investment management and asset servicing, and insurance and pensions, employing over 86,000 people across the country, with a deep pool of talent in the skills needed to power a modern financial services sector.

Our labour market is one of the best in the UK, due in no small part to our internationally renowned universities, which produce high-calibre graduates to work in the sector every year.

We want the sector to continue to be an attractive place to work. And most of all we want the sector to grow and to continue to create high-value jobs.

In Scotland we have the fundamentals in place to achieve these ambitions; our economy is open and competitive, we have a highly skilled workforce, great quality of life and an attractive cost base compared to other financial centres. The long-standing reputation of the sector relies, first and foremost, on the talent of the people that it employs.

Availability of skills and a supportive investment environment will be essential in ensuring that the sector is able to capitalise on the...
future opportunities – particularly in the innovation-led fields of big data and fintech.

Scotland’s financial sector cannot afford to rest on its laurels. The world of financial services is changing. It is essential that we seek out new opportunities to diversify our financial services industry, so that the industry can continue to prosper and grow.

The rapid pace of change in the world of technology is transforming the way in which financial services companies operate and the way in which customers access services. Such changes present opportunities right across the financial services landscape – from the large firms who will derive great benefit from the innovative use of data to the small, innovative start-up companies developing the ideas and technology such advances will rely on.

In Scotland we have strengths in these areas that will allow us to carve out a niche in high-tech, high-growth companies that can be at the forefront of developing the sector.

And I hope the recent appointment of our first Digital Economy Minister, Kate Forbes, will help Scotland to expand in this sector. Our future success in financial services will be underpinned by our expertise in data and informatics. The School of Informatics at the University of Edinburgh is ranked number one of its kind in the UK – and among the top one per cent in the world. Our Data Lab – one of our eight national innovation centres – brings that academic expertise together with industry, to identify and capitalise on new opportunities.

All of that is helping to put Scotland at the forefront of data-driven innovation. We are already emerging as a leading centre for the development of financial technology. Edinburgh and Glasgow have a higher rate of fintech start-ups than any other part of the UK – including London. The Scottish government, in partnership with our enterprise body Scottish Enterprise and the University of Edinburgh, has established Fintech Scotland – an organisation designed to focus on the needs of the industry and drive its growth.

We have many well established businesses, but we must also continue to encourage innovation, whether through new challenger banks entering the market or the establishment of new enterprises at the cutting edge of technology.

The continued prosperity of the industry will be, in part, dependent on its ability to maintain its edge and reputation in developed markets, but it will also be determined by its ability to adapt to and embrace new technologies and new markets so that high-quality jobs continue to be created in Scotland.

Scotland’s financial sector has embraced that challenge. The strong spirit of innovation in Scotland’s financial sector is just one of the characteristics that makes Scotland a magnet for global firms.

Scotland is a good place to do business for established businesses and new entrants alike, with significant global companies such as HSBC and Morgan Stanley choosing Scotland as a key location for their business.

Scotland is the most successful part of the UK outside London in attracting inward investment and we are working hard to ensure that Scotland continues to attract that kind of high-quality investment. We are not just selling Scotland as a place to invest, but also as a fantastic place to work, to live in, to study and to visit.

The Scottish government is focused on creating a positive environment for businesses of all kinds to flourish. We are creating the economic conditions that will attract business through measures such as increasing government support for research and development, establishing a National Manufacturing Institute and developing a Scottish national investment bank.

The threat of Brexit makes it even more critical that Scotland builds on its already outstanding reputation as a global financial centre and realises its full potential. Our strong financial services sector underpins growth across Scotland’s economy, with access to finance essential to support ambitious businesses with the capability and hunger for growth.

Strengthening Scotland’s economy needs the support of the financial services industry and the technology sector, and the growth that is generated will create opportunities for all – in financial services and beyond.
Standing up for Scotland’s microbusinesses

Microbusinesses form the fabric of Scotland’s business landscape, writes Marcelino Castrillo, managing director of business banking at Royal Bank of Scotland.

Research by the Federation of Small Businesses (FSB) found that there is a huge community of entrepreneurial “microbusinesses” which make up 94 per cent of all Scottish firms. Typically, a microbusiness will have fewer than nine employees and a turnover of less than £500,000 per year. Microbusinesses span all sectors, from retail and hospitality to marketing and construction.

As the biggest lender to small businesses in Scotland, Royal Bank of Scotland is constantly investigating and developing new ways to support this vital community of business owners and the future business leaders of tomorrow. Earlier this year, we conducted our most in-depth analysis of microbusinesses in Scotland, looking at the motivations and unique challenges that they are presented with day-to-day. Our aim was to build our understanding of the realities of working in a microbusiness, to tailor and pave the way for recognising the contribution which these organisations make for our economy.

While it is obvious that microbusinesses work hard, it also became clear that flexibility was the primary factor for those surveyed on what motivates them to start their enterprise. Only 28 per cent of the people surveyed were driven by financial reward, compared to 71 per cent motivated by a desire for greater flexibility, 36 per cent to fulfil a passion, and 34 per cent because they had spotted a gap in the market.

The survey results suggested that although microbusiness owners enjoy the freedom that working within a microbusiness provides, there could be long-term problems ahead due to the pressure of working longer hours. Over a third of microbusiness owners work more than the traditional five-day week and the same number logs in excess of eight hours a day. They also feel unable...
Imposter syndrome is not putting young women off starting their own businesses, and RBS research identified the growth of a new, driven group of entrepreneurs who are young, female and well-versed in having an online business, with almost a third of female microbusiness owners starting their business before they turned 35.

Socially savvy, these female microbusiness owners are largely millennials and digital natives. The internet and technological innovations are essential to the running, promotion and advancement of their microbusinesses. Being comfortable with new tech and digital helps female microbusiness owners in the day-to-day running of their business, and 46 per cent find their business advice online from online forums, and 35 per cent from social media.

Just under half of the female Scottish microbusiness owners surveyed also consider themselves a “multi-hyphenate” as they have another job or source of income. This flexibility when it comes to income streams is a far cry from the business landscape for females 100 years ago. This year marks a milestone for women across the country as it remembers the historic conquest of 1918 and 100 years since women were granted the power to vote. During 2018 Royal Bank of Scotland will join with other businesses in recognising the contribution of women to our society.

**Case study: Jemma Crag, Meraki Concept Studio, Edinburgh**

Meraki Concept Studio is a full-service studio that oversees strategy, design and production across all platforms. Jemma Crag said: “I set up Meraki because I wanted the flexibility to run my own business, and I wanted to work and support other small businesses in making them as successful as they can be. Edinburgh is such a buzzing, creative place to live and work at the moment, so I really wanted to get involved in the small business scene here and support these businesses in a valuable way.”

Although with vast experience working for global organisations, Jemma said that she has suffered from imposter syndrome, especially working in a male-dominated creative industry. She explained: “I think that it’s so difficult, as a woman, to combat imposter syndrome. When we win a big account or deliver a successful piece of work I sometimes pinch myself that these positive things are happening to me. It’s almost like I feel I’m going to get ‘found out’ – which is madness. I work hard, and do great work, so to have those feelings that I’m not worthy can be damaging.”

**Supporting 100 Women**

At Royal Bank of Scotland, we understand the strength of the female community and in particular the businesswomen of tomorrow. We have a network of 60 Scotland centric Women in Business specialists, accredited by Chartered Banker Institute and certified by Everywoman. We’re committed to building networks between women, organising 100 female-focused events and engaging over 11,000 across the UK last year. In 2018, we will continue to offer a support network to inspire female business leaders through our 100 Women events. These will take place across Scotland’s largest cities in August and September 2018 and will offer an open platform for businesswomen to be inspired, whether they are microbusiness owners themselves or think they might set up their own business now or at some point in the future.

Designed to empower and educate, the bank will be inviting keynote speakers to talk about their experience of building an empire from scratch and what they’ve learned. Ultimately, all of the Royal Bank of Scotland’s support networks exist to create an entrepreneurial environment where female-led businesses can grow.
What does local government think about the Scottish economy?

In the biggest survey of local government so far on the subject, Spotlight asked every councillor in Scotland for their views on Scottish politics and the health and future of the Scottish economy.

Fastest growing sectors:

- **55%** of councillors thought the tourism and hospitality sector was the fastest growing sector of the economy.
- **100%** of councillors from all parties said tourism and hospitality were important to the economy.
- **13%** said digital and creative industries were the fastest growing sectors in their area.
- **10%** said construction.
- **17%** of councillors described the defence sector’s importance to the Scottish economy as “trivial”, more than any other sector.

**59%** of Scottish councillors were optimistic or very optimistic about the future of their regions or localities. Only **4%** were “very pessimistic”.

Composition of responses:

- SNP: 47%
- Con: 19%
- Lab: 17%
- Independent: 10%
- Lib Dem: 7%

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Distribution of responses:

1. Dundee City - 5
2. Clackmannanshire - 4
3. Inverclyde - 2
4. East Dunbartonshire - 3
5. North Lanarkshire - 4
6. Renfrewshire - 3
7. East Renfrewshire - 1
8. Glasgow City - 8
9. City of Edinburgh - 7
10. West Lothian - 3

Shetland Islands
Foula
Fair Isle
98% of SNP councillors thought an independent Scotland within the EU was the best constitutional settlement for the country. BUT... 100% of SNP councillors would prefer an independent Scotland outside the EU to a Scotland within the UK and within the EU.

Over two thirds of SNP councillors (68%) thought that Theresa May was the biggest threat to the Scottish economy. 5% said Boris Johnson. 7% said Donald Trump.

30% of SNPers thought Ruth Davidson was doing a “good” or “very good” job as leader of the Conservatives.

Scottish Conservatives

57% of Scottish Conservatives thought the Conservative Party would be more likely to win a general election with Ruth Davidson as leader.

Who represents the biggest threat to the Scottish economy?

81% Jeremy Corbyn
19% Nicola Sturgeon

33% Only a third of Scottish Tories thought the Conservative government was handling Brexit well.

People:

71% of Labour councillors said Ruth Davidson was doing a good or “very good” job as leader of the Scottish Conservatives. BUT only 65% said Richard Leonard was doing a good or very good job as leader of Scottish Labour.

52% said Jeremy Corbyn was doing a good job as leader.

47% of Labour councillors are opposed to fracking even if it benefits the economy.

47% of Labour respondents consider Nicola Sturgeon to be the biggest threat to the Scottish economy BUT 100% of Labour councillors were in favour of a 50% top rate of tax for high earners (SNP policy).
Which city will have the fastest rate of growth over the next ten years?

- **6 (5%)** councillors thought Aberdeen would have the fastest rate of growth.
- **15 (14%)** thought Dundee would have the fastest rate of growth.
- **40 (37%)** thought Edinburgh would have the fastest rate of growth.
- **23 (21%)** thought Glasgow would have the fastest rate of growth.
- **15 (13%)** thought Inverness would have the fastest rate of growth.
- **5 (4%)** thought Perth.
- **5 (4%)** thought Stirling.

Issues and policies:

- **50%** of councillors thought Brexit was the most important policy area for the Scottish economy, more than twice the number (21%) of people who thought education was the most important policy area, the second highest.
- Only 27% of councillors thought fracking would benefit the Scottish economy.
- Supported free higher education. Only one was a Scottish Conservative. **59%**
- Only a third (35%) of councillors thought keeping Trident would benefit the Scottish economy. Over half of those who did think it would benefit the Scottish economy (55%) were Scottish Conservatives. **66%**
- Supported a 50% top rate of tax for those earning £150k or more. None of these were Scottish Conservatives.
In April, the Scottish government reluctantly admitted that the economy north of the border grew by just 0.3 per cent in GDP in the last quarter of 2017. A political battle over the economy has been raging for some time in Scotland; the SNP blames Westminster, austerity and Brexit for underwhelming growth. Holyrood opposition, meanwhile, blames the SNP and accuses the party of placing Scotland’s economy in jeopardy.

The debate raises a key question: to what extent is Scotland’s economic trajectory tied up with that of the wider UK’s? Just how much power does the SNP hold to determine the economic course of the nation? UK GDP grew by 1.8 per cent in 2017; within that overall figure, Scotland’s economy grew by 0.8 per cent. The Scottish Fiscal Commission has warned that Scotland is facing five more years of “subdued growth”, so who is to blame?

Russell Gunson, head of IPPR in Scotland, says that there are some “Scottish-specific” factors at play, such as the oil price crash in 2014, which caused revenues from North Sea Oil to plummet by 97 per cent, but the economy is broadly following “a wide trend” visible across the UK. “Over the last 20 years we’ve caught up with the UK’s productivity rate, but in recent years – just like in the UK – productivity growth has been pretty flat, which means wage growth is flat, which means economic growth is flat too.”

Nicola Sturgeon and her cabinet have an ambitious policy aimed at lighting a rocket under GDP figures. In autumn 2017 she announced plans to set up a national investment bank by 2020, but is it enough to kick-start growth?

Augusta Riddy investigates
The Scottish government has budgeted £340m in initial public investment

£2bn will be made available over ten years

national investment bank and she reinforced her commitment earlier this year, declaring it would be operational by 2020. Benny Higgins, CEO of Tesco Bank, was appointed to oversee the process.

The official implementation plan states the bank will make £2bn worth of investment available over a period of ten years – the equivalent of 1.3 per cent of national GDP. An initial public investment of £340m has been budgeted by the government.

Keith Brown, the outgoing Cabinet Secretary for Economy, Jobs and Fair Work, has led on this policy since its inception. He explains that the bank will focus its investment on small to medium-sized enterprises (SMEs), providing “strategic, patient capital … [offering] debt and equity financing that must be repaid on a commercial basis typically over a 10-15 year period.” Gunson argues that the focus “needs to be on boosting productivity and innovation”. He welcomes the emphasis on SMEs, as “there’s an issue around the everyday economy, rather than the more glamorous parts”. Retail, for example, is just as much in need of attention as fintech, he argues – economic bread-and-butter stocks are low. As the majority of people in low-paid work are in sectors such as retail, hospitality and care, “boosting productivity in these low-wage sectors could have a double prize - boosting the economy but also boosting for some of the lowest paid, reducing in-work poverty and inequality.”

According to a government spokesperson, the Council of Economic Advisers – a group established to advise the government on how to make the economy more competitive – identified a national investment bank as “the best way to deliver infrastructure development, finance for high growth businesses and strategic investment in innovation.” But why is investment by the state any different to private sector investment?

The crucial distinction is the terms and criteria for investment. Gunson describes it as “relationship lending; the lender isn’t just passively giving money and hoping for it back.” The loans are offered over a longer period, and aimed at businesses that the bank judges will have a knock-on growth effect and “fulfil wider social aims in doing so.” “[The bank] is in it for the long haul rather than a short-termist investor that wants their money back as quickly as possible.”

So what are the next steps? “The Cabinet has accepted all 21 recommendations in the Implementation Plan,” says Brown. “We are now moving into the delivery phase.” But a significant hurdle still lies ahead, and unsurprisingly it comes from Westminster.

“Banks need to be able to hold assets and carry them over,” says Gunson, unlike a spending department which receives its money from the state. In order for the bank to be capitalised – have...
adequate assets to meet obligations and issue bonds – the Treasury must agree to treat it as a bank rather than a department, so that it doesn’t affect the Scottish government’s budget. The Scottish government, with its existing power, can provide all the funding, but “to reach that full [bank] status, the Treasury needs to give it the green light.”

Is Brown confident of getting the green light? “Discussions to date have been both positive and constructive, and we are hopeful of agreeing an approach that will be beneficial for all parties,” he replies. “Establishing this bank will stimulate economic growth in Scotland, and will in turn improve the UK’s wider fiscal position.”

As to whether £2bn of investment over ten years is enough, Brown asserts that “it represents a similar proportion of GDP” as committed by national development banks in other countries. He says the proposal is “ambitious and achievable, at a level that will make a material difference to the supply of capital to the Scottish economy.”

The bank is expected to become self-sustaining over time through its investments. It will have achieved this when it “covers its operating costs from investment returns”, explains Brown, and is able to “raise capital in its own right and no longer be reliant on capital advances from the Scottish government.”

Brown says he expects this to happen in the “medium term”.

The SNP is targeting inclusive growth”

The proof is in the pudding, says Gunson. A lot depends on whether “it can reach its full potential”. That is, first and foremost, dependent on whether the Treasury gives it permission to become a fully-functioning bank. After that, it depends on the scale and type of investment. “Is this another announcement that won’t have any impact, or is this one that will?”

The SNP are banking, so to speak, on this working. The government claims it will be a “cornerstone financial institution,” providing the investment desperately needed to achieve Scotland’s “economic ambitions.” “We want Scotland to be the investor and the producer, not just the consumer, of innovations that will shape the lives of future generations,” declares Brown. The SNP is searching for economic answers; time will tell if this is the right one.
The space sector is booming and is projected to have enormous value globally in the coming years. This presents an exciting opportunity for the United Kingdom and Scotland. The birth of a new sector in Scotland is a once-in-a-generation opportunity and the country is set for lift-off through its cluster of globally recognised small-satellite manufacturers, satellite data processing businesses and the establishment of a centre of excellence in satellite applications (SoXSA).

With this strong foundation, Scotland can provide a virtually full service solution for the satellite industry; the only part missing is a launch capability. The British commercial spaceport competition, announced in 2014, was a UK government plan for a site to be selected to build a commercial spaceport. This competition was closed with no site selected in May 2016 when the UK government amended its approach, announcing that instead they would support rules to allow a commercial spaceport to be built at any suitable location, following sites applying for and being granted a licence to operate.

This change in approach means that the UK will now have a number of spaceports in the future, which are able to cater to different customers and offer a mix of launch capabilities. Whilst traditionally, space launches are associated with vertical take-offs using rockets, horizontal launch capability offers an array of benefits for the future of space travel. Horizontal, re-useable launch vehicles will lower the cost of launches and usher in an era of low-cost access to space. This lower cost will encourage more users into the sector and support its growth within the UK. Glasgow Prestwick Airport has set its sights on becoming a centre of excellence for the space and aerospace industries and is another step closer to becoming the first commercial spaceport in the UK and Europe with the recent introduction of the Space Industry Act. The way is now paved for commercial UK space launches and Glasgow Prestwick aims to offer horizontal launches of orbital and sub-orbital missions for satellite launches, micro-gravity experiments and passenger spaceflight experiences.

The UK government is developing the regulatory framework through the UK Space Agency, Civil Aviation Authority and Health and Safety Executive and because of the existing infrastructure, the airport believes it can qualify for a spaceport licence quicker than any other horizontal launch location in the country. The development of a spaceport at Prestwick is a real opportunity for the Scottish and Ayrshire economies. As an integral part of the Ayrshire Growth Deal, the spaceport project would attract new investment to the existing aerospace cluster located around the airport, safeguarding existing jobs and creating many new ones.

The space industry is predicted to be worth £400bn globally by 2030 and the UK aims to target 10 per cent of that business by then. We are confident we can help the government meet its commitment to have space launch capability in the UK by 2020. Scotland already has a vibrant space sector with ground-breaking research and development work going on in our universities. With Glasgow being the home of Clyde Space, Spire and Alba Orbital, manufacturing more small satellites than any other city in Europe, our spaceport plans will facilitate the growth of these companies and, through the supply chain, stimulate economic growth throughout the UK.

To find out more, please visit: www.glasgowprestwick.com/business/spaceport or follow us on Twitter @UKSpaceport

Scotland is well-poised to reap the benefits of a burgeoning space sector, according to Richard Jenner, director of Glasgow Prestwick Spaceport.

Space to grow: Glasgow’s plan for the future

Glasgow Prestwick Airport

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Jean-Christophe Coutures, chief executive at Chivas Brothers, reflects on a record-breaking year for Scotch whisky

Scotch whisky is booming. As an industry, we ship 30 bottles of Scotch every second to more than 200 countries around the world. As one of the world’s leading producers, Chivas Brothers is committed to ensuring the future of Scotch remains bright. Our confidence in the industry is reflected in our £50m investment in a new world-class bottling facility at our Kilmalid site, with further expansion at The Glenlivet distillery.

As one of Scotch whisky’s early pioneers, Chivas Brothers has been at the centre of production for centuries. Chivas Regal’s founding brothers, John and James, were ageing whiskies in the cellar beneath their Aberdeen emporium nearly 200 years ago. Together with George Ballantine, who pioneered our renowned blended Scotch brand Ballantine’s in 1827, the Chivas Brothers were among the first Scotch distillers to see its potential overseas.

Our passion for sharing this great spirit has led us to become a truly global business; in 2017 alone, we exported 20.2m cases of Scotch. I strongly believe the key to this growth is the heritage of Scotch - the fact it has been perfected in Scotland, by the people that care about it most. At Chivas Brothers alone, 90 per cent of our 1,600 employees are based in Scotland, working across 14 distilleries and two bottling facilities.

Innovation is key to longevity

Reaching the four corners of the earth, Scotch places Scotland firmly on the world stage. From a whisky in Bali to sipping a Negroni in Milan, you can guarantee that drink started life in Scotland. This is because Scotch can only ever be made in Scotland. The essential features of Scotch are protected in UK and EU law and recognised around the world, and it is important to the future of industry that this protection continues.

While Scotch should remain true to its heritage – fine grain spirit distilled with care and aged for at least three years in Scotland – to thrive, the industry must also continue to listen to its
existing customers and attract new ones. The sector has made huge strides to broaden itself in recent years. By experimenting with flavours and maturation techniques, producers have pushed the boundaries of the category and created products that excite both new and traditional whisky drinkers.

At Chivas Brothers, innovation is at the heart of everything we do. Our expert team of dedicated master blenders and distillers oversee a pipeline that anticipates category trends to meet consumer demand. With over 6m casks aging in our bonded warehouses we are planning for the future, now.

New products such as The Glenlivet Founder’s Reserve Single Malt Scotch, Chivas Extra Blended Scotch and Ballantine’s Brazil Spirit Drink have appealed to existing audiences while capturing the attention of a new generation. In emerging markets such as Russia, South Africa and Poland, we’ve recently seen a 40 per cent increase in Scotch sales, and our expanding portfolio is fundamental to this growth.

**Destination Scotland**

While Scotch benefits globally from being synonymous with Scotland and Scottish heritage, this relationship is mutually beneficial. Distillery tours have had a significant impact on the tourism sector, while also being a great way to engage people that are new to Scotch by enabling them to explore its heritage. There are more than 100 whisky distilleries in Scotland, many of which have become attractions in their own right.

In 2017 Chivas Brothers welcomed over 72,500 guests to our facilities in Speyside and Orkney. That’s a huge number of people visiting Scotland, boosting local economies and safeguarding the industry’s future. We have continued to invest in our distilleries, opening new facilities in The Glenlivet, Scapa and recently renovating Strathisla.

**From change comes opportunity**

Brexit will bring new challenges and opportunities while recent global trade disputes are a disturbing development. These issues will stretch our industry, but Scotch whisky is well positioned to tackle current and future challenges. It is one of the largest contributors to the UK balance of trade, exporting to over 200 countries, and Chivas Brothers is one of the most experienced Scotch exporters.

As nearly 40 per cent of our Scotch whisky exports go to Europe, after Brexit we would like to see a smooth and stable transition that allows sufficient time for industry to adjust and a future UK relationship with the EU that eliminates tariffs and minimises regulatory divergence. We also hope to see the continued application of the existing EU trade deal benefits, including those in progress such as EU-Vietnam, as industry has benefited hugely from these.

Future trade agreements outside of the EU could unlock prosperous new markets for Scotch. India is the largest whisky market in the world but tariffs of 150 per cent hold back growth of our premium Scotch whiskies. Fast-growing countries like Myanmar – where imported Scotch is currently prohibited – and Nigeria are also promising. China is also a key opportunity. Our business there grew by 18 per cent in value in the first half of the year, driven by the success of our blended Scotch whiskies. The reintroduction of duty free between the EU and UK after Brexit also represents an opportunity for Scotch. Outside of EU excise constraints, meanwhile, there may also be the chance to review high UK domestic taxation levels which currently sit at 80 per cent a bottle.

**Future trade agreements outside of the EU could unlock prosperous new markets for Scotch.**

**INDUSTRY HIGHLIGHTS**

**Key facts for a record-breaking 2017**

- The Scotch industry grew by 8.9 per cent in value
- It contributed £4.4bn to the Scottish economy in exports
- This accounted for over 20 per cent of all UK food and drink exports
- 39 bottles were shipped overseas each second, earning £119 per second
- Scotch was sold in around 200 markets worldwide

*Source: Scotch Whisky Association*
For the sixth year in a row, Scotland has outperformed the rest of the United Kingdom outside of London in terms of numbers of visitors to its tourist attractions. According to the Association of Leading Visitor Attractions (ALVA), while 17 of the top 25 spots for 2017-18 were in London – including the British Museum, the Tate Modern and National Gallery – five of the remaining eight draws were located north of the border. Edinburgh’s National Museum of Scotland, Edinburgh Castle and Scottish National Gallery took the 11th, 12th and 16th places on the list respectively. Glasgow’s Riverside transport museum and the Kelvingrove Art Gallery and Museum came in at 22nd and 24th.

And the latest figures announced by the Office of National Statistics (ONS) further confirm that holidaying in Scotland is in vogue. The combined number of domestic and overseas tourists increased by two per cent last year, taking the tally to 14.1m. Scotland’s population is around 5.3m, which means there are now approximately 2.5 tourists for every resident in the country. During an interview with the Daily Telegraph in January, VisitScotland’s chief executive Malcolm Roughhead credited the boom to “increased air capacity” and “a favourable exchange rate”.

Whatever the reason, the director of the forthcoming V&A Dundee, Philip Long, says: “It makes sense that we capitalise on it.” Where Edinburgh and Glasgow “already have very strong arts and culture offerings”, he adds, Dundee aims to “follow suit with its own world-class design museum”.

V&A Dundee, due to open its doors to the public on 15th September in a stunning building situated on the bank of the River Tay, was designed by the Japanese architect Kengo Kuma and was inspired by the cliffs of east Scotland.
“Dundee can be a major cultural hub”

It will be the first institution outside of London to operate under the “Victoria and Albert” banner, and even without the size and scale of the main V&A base in Kensington, it will, Long says, “give more weight to the idea that Dundee can be a major cultural hub.”

The project, a joint venture between Dundee’s city council, its two universities (the University of Dundee and Abertay University), Scottish Enterprise, and of course, the main V&A itself, is estimated to cost £80m to complete. “The idea was first being touted around 2007,” explains Long. “An ambition was set out for a new design museum that would help change the understanding of design in this country, and that would also play a part in Dundee’s remarkable redevelopment on the waterfront.”

Long says that his own extensive background in the arts readies him for his new role at V&A Dundee. After studying visual art at Lancaster University as an undergraduate, he then completed an MA in gallery studies at Essex University. He spent five years working at The Fine Art Society in Glasgow, and 20 years for the National Galleries of Scotland, the parent body of the Scottish National Gallery of Modern Art and the Scottish National Gallery, where he eventually became a senior curator. This, Long says, informs this enthusiasm for “lessons in life”. He explains: “Museums and galleries are wonderful places that people can go to without limitation. It’s a great opportunity to celebrate achievements in invention and design. They are an opportunity to discuss our past and how it can help to shape our future. That’s what I want for Dundee.”

And Dundee could perhaps do with a boost to its artistic scene after the UK’s decision to leave the European Union meant it was no longer eligible to compete for the European Capital of Culture title in 2023. “Dundee had been working hard towards that goal, but Brexit means it’s not to be.”

V&A Dundee will focus on fashion, architecture, product design, graphic arts and photography. The annual running costs for V&A Dundee will be met from Scottish Government funding, contributions from founding partners, and self-generated income and private fundraising.

So, why was Dundee chosen as the location for the new V&A over other Scottish cities? “I’d like to think that the city chose the V&A, not the other way around. Dundee wasn’t one of several places shortlisted as a potential venue; the process was much more organic than that. The V&A already had a close relationship with the University of Dundee, because of the Duncan of Jordanstone College of Art and Design, which is linked to it. There was a suggestion that Dundee would be a perfect city in which to open a new V&A, and that sparked the remarkable series of events that have led us to now.” How much of a part did the historical context of Dundee play in the decision?
“It was massive,” Long says, “because from a Dundee perspective, it’s a city that’s undergoing a fantastic transformation. It was a world-leading centre for the production of jute and was renowned for its shipbuilding industry and skills. But it lost a lot of its leading industries in the 20th century and now it’s working hard to change its fortunes. The redevelopment on the waterfront is a key driver for that. Education and cultural offerings were recognised by the local authorities as important catalysts for change. Also, V&A saw Dundee as an opportunity to internationalise and expand its ambitions.”

V&A Dundee, Long insists, “will not simply be Kensington’s outpost. It is a new idea and a new institution for people to discover and explore. At the same time, it benefits from the support and expertise of the V&A in Kensington. It is a new idea and a new institution for people to discover and explore. At the same time, it benefits from the support and expertise of the V&A in Kensington. When people visit us, they will find the same extraordinary standard they have come to expect from the V&A brand, but with a fresh range of exhibitions too.”

V&A Dundee’s first major exhibition – Ocean Liners: Speed and Style – will run from 15th September 2018 to 24th February 2019 and, according to Long, will “celebrate Scotland’s huge contributions to the shipbuilding industry”. Exploring the design and cultural impact of ocean liners, the exhibition will focus on their promotion, engineering, interior design and the glamorous on-board lifestyle attached to them. Items on display as part of the exhibition include the Christian Dior suit worn by Marlene Dietrich when the German actress arrived in New York aboard the RMS Queen Elizabeth in December 1950.

Long claims that V&A Dundee represents “a world-class asset in waiting” and is confident that it will be a “worthwhile investment not just for Dundee, but for Scottish tourism in general”. A programme of audience research with Scotinform anticipates that the number of visitors for the attraction will be 350,000 on average annually, and 500,000 in the first 12 months. There are 785,000 people living within a 60-minute drive of the waterfront and a further 1.5m able to get there inside 90 minutes. “The core catchment area,” Long says, “only looks set to grow as the population of Scotland does too.” He adds: “V&A Dundee definitely aims to tap into a sense of local pride, and that local audience will stem from it as a result, but we’ve also got our eye on huge international markets too. We will also target specific interest groups such as designers, schools, universities and colleges, and those interested in a career in design.”

What are the long-term hopes for Dundee’s tourism offering, then? Could it aim to compete alongside Edinburgh and Scotland in the future? Long responds: “I’d be wary of that wording. I don’t like to say ‘compete’, I would prefer ‘complement’. We want to add to them, not replace them. Dundee is reinventing itself as a destination through an exciting combination of culture and creativity. V&A Dundee is a key to this aim.”

Ultimately, Long says, “there are many reasons for visitors to come to Scotland… the Highland landscape and the romance associated with it is one. Edinburgh and Glasgow have got a great cultural offering, but now Dundee needs to step up too. It has perhaps not been an obvious place to visit in the past, but I’m confident that the V&A will give it the power to become one soon.”
Q: What are the key considerations for Scotland on the negotiating table, and what would be the best Brexit outcome for Scotland?

Jackson Carlaw MSP, Deputy Leader of the Scottish Conservatives

The essential thing is to be clear-eyed about the needs of Scotland’s economy and public services, and how Scotland fits in to both the UK and the EU. Each sector in Scotland has its own balance of optimism and nerves. Talk to anyone involved in fishing, and they couldn’t be more enthusiastic about leaving. Oil or finance firms often feel that our migration system does not reflect the global supply of trained workers from the United States, Middle East or south Asia. Or an industry like whisky sees the big growth opportunity not in Europe but in the Far East – and whatever the eventual Brexit deal, will still face no tariffs with the EU.

We have to recognise, though, that other firms are much warier: farmers who rely on migrant labour, for example, or manufacturers with supply chains across the EU. But beyond these differences in the balance of hopes and fears, a number of factors remain consistent. All want the best possible access to the EU, and for international trade to be as smooth as possible. That has to be the first priority in negotiations.
So it is both pragmatic and principled to say that the worst possible thing, as we leave the EU, would be to disrupt the deeply-integrated UK internal market. That’s why powers that are returning from Brussels should be devolved where possible, but held temporarily at Westminster if it will make life harder for individuals and businesses. And this, arguably, is the overall outcome that Scotland needs as we leave the EU. People are sick of constitutional squabbling. The best deal for Scotland will be not just one that supports jobs and public services, it will be one that starts to move us all on from the division of the past four years.

Stephen Gethins MP, SNP Westminster Spokesperson for Foreign Affairs and Europe

A few months before the Independence Referendum, the then First Minister Alex Salmond said that if a Yes result prevailed then the leaders of all the Scottish parliamentary parties would be invited to become part of the negotiating team. The idea was that in the aftermath of such a huge decision, bringing people of different views together would be important.

Two years on from the EU referendum there is little sign of that kind of cooperation in Westminster, where major negotiations appear to take place in the hours before key votes in the rooms around the Chamber or even on the benches of the House of Commons during debates only involving squabbling Tory MPs. That is no way to advance a policy programme that is more uncertain and possibly far-reaching than an independent Scotland would have been.

Brexit will have the most profound impact on us all, creating the biggest constitutional, economic and political change in our lifetimes. In the fog of the Westminster bubble it is easy to forget that this really matters. I recently opened a conference at the University of St Andrews on the fight against TB. Not only does that programme receive European funding and cooperation with other EU universities, but it also relies on freedom of movement to draw in some of the best academics from the EU. That is critical in such a competitive world.

I benefitted from freedom of movement and Erasmus, and I now find myself in a position of responsibility as a legislator, fearful of leaving future generations with fewer opportunities than I enjoyed. That is not right. Beyond that, the government’s own analysis shows that each and every part of the UK will be worse off as a result of its plans. Reflect on that for a moment: the government of the day is pursuing a policy it knows will hit jobs, the economy and public services.

The crisis is beyond a political one, and no amount of kicking endless cans along the road will solve that. The only way forward is to seek a multi-party and cross-administration solution. Back in December 2016 the Scottish government suggested a compromise, whereby the UK stays in the Single Market and Customs Union. This compromise would have respected the UK wide decision whilst acknowledging the closeness of the vote, and the fact that Scotland, as one of the sovereign nations in this United Kingdom, and Northern Ireland, with a peace process deeply embedded in its EU membership, had voted to remain.

That compromise is a good place to start; it is the least worst option economically according to the UK government. As someone who would wish to remain part of the EU, that is not my preferred solution but it is the nature of compromise.

The government has made little progress on Brexit over the past two years. It is not entirely Mrs May’s fault.
“People are sick of constitutional squabbling”

Lesley Laird MP, Shadow Secretary of State for Scotland and Deputy Leader of Scottish Labour

If Brexit has presented a constitutional crisis for the UK, in recent weeks it has become an existential one for Scotland. So on one hand there is a Scottish viewpoint on all of the same matters affecting England and Wales and Northern Ireland, from blue passports to freedom of movement and even our own particular historical perspective on the Irish border question. But on the other hand is the question of our devolved Parliament’s right to shape those issues and the apparent inability of Scotland’s invisible man in the cabinet to state our case at the top table.

There is no doubt that fault line has always been there, long before Scotland voted for devolution two decades ago. But the political earthquake of Brexit risks turning that fault line into an unbridgeable fissure. Two implacable nationalist governments of different stripes – both hell-bent on defending mutually exclusive positions – seem content throwing red meat to their hard-core supporters while most Scots are left hungry for co-operation, pragmatism, compromise and certainty.

It has never been clearer that the UK’s current constitutional machinery is failing. But if we must reshape our constitution to reflect a new relationship with our continental partners then we should do so while also considering how we might be better neighbours on these British Isles too.

So yes, some of that means putting the appropriate practical arrangements in place for our withdrawal from the European Union, but also establishing frameworks to preserve the UK’s internal market.

It would make absolutely no sense whatsoever for there to be differences in regulations when it comes to food labelling in Dumfries as opposed to Carlisle. It would make no sense for there to be difference in environmental protections on chemicals or pesticides, because the food that will be sprayed with these chemicals and pesticides will be exported from Scotland to the rest of the UK and vice versa.

But in seeking agreement on these and other issues, and as we have seen with the epic saga of the Clause 11 devolution amendment – during which the Scottish Secretary actually said: “Scotland is not a partner in the United Kingdom, it is part of the United Kingdom” – there is little point trying to treat the symptoms of a flawed system if you do not also tackle the root cause.

It’s clear that the Joint Ministerial Committee needs to be put on a statutory footing, as we have consistently argued. We wanted it to produce a report and minutes, we wanted it to have to report to the Commons, and we wanted every single member and every single government on the Committee to be kept informed and consulted on the UK government’s Brexit negotiations at every turn.

Politics is a battle of ideas, so it is prudent to have in place a proper mechanism for what happens in the very likely event that politicians north and south of the border reach an impasse. While it’s pretty clear that even the best Brexit is going to come at a cost to our economy we must not allow that to be used as a catalyst to rip up the United Kingdom. The prize now is to use this instead as an opportunity, a force for good, and work towards a more cohesive, more united country – no matter what part of the United Kingdom that you live in.
Brexit throws into sharp relief the challenges of leaving a political and economic union. And yet a few weeks ago, undeterred, the Scottish National Party launched its latest attempt to persuade the people of Scotland to leave the political and economic union of the United Kingdom.

It was billed as the “Growth Commission”, but in reality, it is a cuts commission with a vision of Scotland that people do not want: another wasted decade with people living, surviving, many struggling under the dogma of a deficit reduction plan. And we know what that looks like, with the rising reliance on foodbanks, more winter evictions, increasing numbers sleeping rough, as social security sanctions and real wage cuts bite deeply.

Within days of the SNP document being launched, the highly respected Fraser of Allander Institute said: “The report opens up some important questions about the ‘type’ of Scotland we wish to see in the future.”

And they were right. Because what is clear now is that only Labour can unite people in Scotland around a vision of hope. The Growth Commission claims to offer a “clear-sighted analysis of the prospectus for independence.” But it is a prospectus based on a hard decade of public spending contraction, and even deeper cuts than those implemented by George Osborne in order to drive down the public sector deficit in Scotland, from 8.3 per cent of GDP to below three per cent.

As the Institute for Fiscal Studies warns: “Their plans would mean spending on public services and benefits falling by four per cent of GDP over the course of a decade.” This is fiscal shock treatment.

It also proposes a £5bn Annual Solidarity Payment be sent to the rest of the UK Treasury. And it is based on a “prospectus for independence” built not on sovereignty regained, but more accurately on sovereignty lost:

- Over interest rate policy
- Mortgage rate policy
- Exchange rate policy
- Inflation policy
- Money supply policy
- Corporation tax policy

And it promotes an economic model which relies heavily on foreign direct investment.
Our task in the Scottish Labour Party is to build on this positive platform to re-awaken hope out of despair and in so doing, secure the return of Labour governments at Holyrood and Westminster. Because in truth, the real division we face is not between Scotland and England - it is between those who own the wealth and those who through their hard work and endeavour create the wealth.

One in four children in Scotland are living in poverty at a time when the richest one per cent in Scotland own more personal wealth than the poorest 50 per cent put together. That won’t change by redrawing lines on a map; it will only change with a redistribution of wealth and power.

That is why we as a party have argued for a more progressive income tax system and for consideration now to be given to a wealth tax. Because there is nothing wrong with the old socialist principle of from each according to their means to each according to their need. That principle applies to business too.

The Growth Commission proposes an effective cap on corporation tax, which at best passes control over business tax policy to a state Scotland has just withdrawn from and, at worst, starts a race to the bottom.

On the other hand the Scottish Labour Party is offering people a decade of investment and not another ten years of austerity. Only Labour’s plans provide a transformative £70bn to invest in Scotland over ten years, prioritising health, education, housing, and jobs. Ours is a radical strategy which puts full employment at its heart, ending complacency about real unemployment and ending the age of insecure work. We are also proposing a £10 per hour real living wage giving around half a million workers in Scotland a pay rise.

We have set out an industrial strategy in which we make the case for more planning and less market. The result will be more democracy in our economy, not just when things go wrong, but to help things go right in the first place.

As far as the Labour Party is concerned trade unions have a central role to play in the new economy, not just defending their members, but using their members’ knowledge and skills to plan for the future. And in our industrial strategy, through a new approach to long-term investment, we will herald a renaissance in our manufacturing industries.

We will also seek out new ways to deliver modern forms of democratic planning in the economy. That is the clear choice between Labour and the SNP. We seek to put economic power directly into the hands of the people to drive forward growth from the bottom up with an active interventionist role by government, while the SNP seeks to make Scotland even more of a branch plant economy which will be overdependent on overseas boardrooms and volatile foreign direct investment.

In the coming months the First Minister should put the NHS ahead of the SNP and sort out the problems in our public services. But Nicola Sturgeon instead plans to spend this summer convincing her own party members of the case presented by the Growth Commission. Hers is a fiscal agenda in thrall to big business which slavishly follows the mantra of deficit reduction.

Trade with our nearest neighbours will be put at risk by a new political isolationism with no space for trade unions or workers’ rights as part of a strategy to promote economic growth. That’s not just the Tory vision for the economy - it is now the SNP’s too.

The choice before the people couldn’t be clearer, the austerity economics of nationalism or the transformation of Scotland’s economy in the UK with Labour. Which is why my appeal to anyone who shares our vision of the new society we must build, and of the new economy we must construct is to join us and come be part of this movement for real and radical change which only Labour is offering. It is a cause which is international, a hope which is eternal and I believe it is the call of history to this generation.
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Carol Mackay
Coast to Coast Virtual Assistant