Scotland's Economic Performance

Scotland’s Futures Forum

Scotland's Futures Forum is the Scottish Parliament's futures think-tank. It works on a non-party basis to promote research and to stimulate debate on the long-term challenges and opportunities that Scotland faces, with the aim of informing MSPs and others and enabling them to consider the effects of decisions taken today on Scotland's long-term future.

The Futures Forum recently held an event on Scotland’s future economy that is relevant to the Committee’s inquiry on Scotland’s economic performance. The speakers were Jamie Coleman, chair and co-founder of Edinburgh’s Codebase, and Dr Katherine Trebeck, senior researcher at Oxfam. They were asked to give their views on how we could and should make our living in 2030, both as individuals and a country.

A full written report of the event is attached as an annex to this submission. The reports and videos of the contributors can also be found here: http://www.scotlandfutureforum.org/scotland2030-our-economy. This submission notes the key points in relation to the Committee’s inquiry.

Growth

In relation to the structure of Scotland’s economy, Jamie Coleman noted that “Of all Scottish companies, 98% are small, 1% are medium, and 1% are large. We all know that the 0 to 49 employees figure for small businesses is a bit of a ruse – there are not 49 employees in all those businesses. Almost all – 76% – are zero employee businesses. When you take the same data and add on employment and turnover, these small businesses are not even paying corporation tax… that is not going to keep the NHS and the roads going.”

Jamie Coleman noted the three major economic trends: urbanisation, technology and artificial intelligence. He noted “the world is changing dramatically and … software is eating the world. I do not care any more about sectors in the traditional sense.” Overall, he said, “Digital, or software, is the key to the growth of all sectors, bar none: it is the core of everything.” The future will come from building “more product companies” and “competitive advantage goes to nations that focus on not creating companies but scaling them into proper companies.”

Inequality

Dr Katherine Trebeck challenged the idea that GDP growth is the right goal, stating that “A lot of our economic measures are profoundly misaligned to the sort of communities, economy, jobs and country that we need to see.” For her, it is this approach that causes inequality: “despite all the wisdom, all the knowledge, all the ingenuity and all the passion and compassion in Scotland, we are still chasing after the wrong goals. That has created an economic model in which wealth, far from trickling down, is actually rushing up to those at the top.”
Indeed, Dr Trebeck stated that “this economic model is extraordinarily expensive. It is putting avoidable demands on the state when the state should be on the front foot … creating this flourishing tech sector and helping us to adjust to this brave new world of technology.”

**Future economy**

On the key sectors for the future, Dr Trebeck noted that the issue “is not so much about which are the right sectors as about how they operate and who they work for.” She noted that Scotland is doing well in the circular economy and asked “Wouldn’t it be great if, by 2030, the mining companies operating in Scotland were mining piles of waste rather than the ground itself – getting all that ore that is in piles of discarded mobile phones?” However, she noted that “There is incoherence in terms of having great ambition around climate change and then talking about reducing air passenger tax and getting every last drop of oil out of the North Sea.”

The Futures Forum debate concluded with the question of whether it is possible to blend the visions provided by Jamie Coleman and Katherine Trebeck, with innovative companies that grow and employ lots of people while still being socially conscious and motivated. It was noted that different business models, such as benefit companies and Scottish charitable incorporated organisations, can prevent value going to a small number of people. Equally, the context in which businesses grow can be redesigned to incentivise different business structures, with appropriate support from the Scottish Government and its agencies.