

The Royal Society of Edinburgh

Enlightening the Constitutional Debate - The Real Economy

Independence: Opportunities for the Scottish Economy

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It's trite to say that there are many factors to take into account when considering the question of Scottish independence.

Many people will make their minds up about the referendum on purely emotional grounds, on cultural grounds, on point of principle. Some will vote for independence regardless of whether they think they'll be better off. Some will vote 'no' even if they think Scotland will prosper as an independent country.

These are perfectly valid views to hold. The question of whether to vote for independence or not is not an accounting exercise.

However, in the context of a debate focused on business and the economy, it's appropriate to disregard these 'soft' issues and to approach the decision on independence in the same way as one would consider any other business decision. I therefore want to look at the "business case" for independence.

Much of the debate around the independence referendum has to date centred on 'risk'. We hear constantly about the uncertainties of independence: the risk to our competitiveness, the risk to our pensions, the risk to our membership of the European Union.

As someone in business, I am always a little bemused by this emphasis on risk and uncertainty. In the normal business context, we associate risk with reward. The very essence of business is taking calculated risks to gain advantage.

So today, I want to acknowledge that there are risks in opting for independence, just as there risks in staying party of the Union. Of course there are risks. The question is whether the rewards outweigh these risks.

It seems to me that there are many ways in which independence could provide opportunities to business. Perhaps the most obvious is that independence would allow the Scottish Government to use fiscal levers to boost the economy and to make Scotland as attractive a place as possible to carry on business, to locate, to invest.

However, tax is not the focus of this debate, and I propose instead to look at the wider picture of selling Scottish goods and services, and to consider three areas: branding, public relations and promotion.

Branding

In business terms, the 'brand architecture' of the UK is confusing to foreign markets. "UK" "GB" "Britain" "Scotland, England, Ireland, Wales". The "UK" and "Britain" as a brands, correlating as they do to the international entity, the United Kingdom of Great Britain and Northern Ireland gets most of the recognition at the international level, and the perception of Scotland as an identifiable entity suffers as a consequence.

To put it into corporate terms, the UK is no Unilever sitting quietly behind Domestos, Radox and Marmite. Scotland is very much subsumed by brand UK, which is actively marketed in its own right. There is brand confusion between Britain, Scotland and the other parts of the UK, which all have their own distinct brand attributes and value propositions.

That may sound a little glib, but to give it some context, when I travel around promoting Scotland as a destination for legal services, and arbitration in particular, more often than not, the first part of the conversation is taken up explaining that “there is this place called Scotland, which is a country, but not a state, and we have our own legal system ...”

Interestingly, the independence debate is raising awareness of Scotland’s status around the world, and I have found that the general understanding of Scotland’s relationship with the UK has improved, but there is still a sad lack of awareness of Scotland on the global stage, and only independence can truly cure that.

Public Relations

There is little doubt in my mind that Scotland’s public relations suffer from being part of the United Kingdom. Scotland could and should have a positive relationship with Europe.

Instead, what we are faced with is an in/out referendum on Europe. Will that come to pass? It’s hard to tell, but today’s YouGov poll has the Conservatives on 32%, Labour on 38% and UKIP on 13%.

Are we more pro European in Scotland? We can’t say that with any certainty. What we can say objectively is that UKIP have not yet made any progress in Scotland in terms of getting anyone elected.

In the meantime, on Europe, on Iraq on Afghanistan, and in general, the foreign policy of the UK is Scotland’s foreign policy. You might agree with those policies. You might not. The point is that the perception of Scotland abroad is coloured by UK foreign policy, and as regards Europe in particular, that is bad for business.

Promotion

Finally, I want to look at promotion. How is Scotland promoted abroad, and just as importantly, how is the UK promoted abroad. This of course varies from industry to industry. I can only speak with any authority in respect of my own field, professional services.

At the UK level, professional services are promoted abroad by UKTI and the Foreign and Commonwealth Office in conjunction with a body called CityUK. CityUK is a private membership organisation.

In March 2011, the Chancellor, George Osborne, launched the UK Government’s plan for growth, a plan to get the UK economy back on track. The document contained this line: “As part of Government efforts to promote UK legal services internationally, the Government will also work to protect the supremacy of English contract law.” The follow up document “Plan for Growth: Promoting the UK’s Legal Services Sector” devoted only a sentence to Scotland, and continued to conflate UK law with English law.

Through the Scottish Arbitration Centre we engaged with the UK Government to see about getting a proper mention for Scotland in this plan that purported to promote legal services in the whole of the UK. I have to say that the Scotland Office and the Office of the Advocate General were very responsive to this approach, and in the revised Plan for Growth launched this year, the Lord Chancellor, Chris Grayling made specific reference to the Scottish legal system, to the Scottish Arbitration Centre, and to Scotland’s particular expertise in Energy law. That is all very welcome.

However, the revised document is still heavily focused on London, English arbitration, and the English legal system.

This is hardly surprising, and on one view, you can’t blame the UK Government for promoting English lawyers over Scots lawyers. It was the philosopher Jeremy Bentham who observed that “it is the greatest happiness of the greatest number that is the measure of right and wrong.”

Conclusion

Brand confusion, bad PR and mixed messages in our promotion. These are all factors negated by independence. This is where the opportunity for business sits: the opportunity for a clear, focused and instantly recognisable Scottish brand; the opportunity to control our own public relations - the perception and reputation of Scotland in the world; the opportunity to have a single promotional message that showcases Scottish business with clarity and focus and without caveats and qualification.

Independence offers a direct unfiltered channel to the world. It offers us a world capital here in Edinburgh, with all of the energy and profile that a world capital attracts. This is the opportunity for Scottish business: a world of opportunity on our doorstep.