

Letter from Scotland

The Scottish Government is currently seeking “economic growth” but at the same time it is cutting funding for universities and colleges.

The strategy has been tried for the last ten years and has not proved a great success. The growth in national income has bumped along between 0 and 1 per cent a year, at times dipping below zero. Even by this crude measure of our wellbeing, the policy of government austerity has not worked.

Economists say the way to grow the economy is to get more people into work, up-skill that workforce and build better “infrastructure” in the shape of the electricity grid, houses, schools, health centres, roads, railways, water and sewage systems, on-line connections. The growth has to be “green”, of course, or it’s not sustainable, and thereby hangs a tale.



Seeking wisdom and growth. The old oak tree, St Andrews University, thought to have been planted in 1740.

Most of the heavy work has to be done by governments, though the private sector can join in when there are profits to be made. So it's difficult to see how the austerity budgets being handed down by the Chancellor Rachel Reeves, and therefore the Scottish government, can achieve the desired economic growth.

How does, for instance, a 20 per cent cut in funding in the last decade for our 18 universities and 24 technical colleges, up-skill our workforce and contribute to economic growth?

Hardly a week goes by but we read of universities and colleges reporting deficits, cutting staff and student places. This week we learnt of three more universities in financial trouble – Robert Gordon's in Aberdeen, Abertay in Dundee and the University of Highlands and Islands. And in previous weeks we've heard of deficits at Aberdeen University, St

Andrews, Edinburgh and Dundee.

Part of the problem is that under the Scottish government's free university education policy, the universities get only £1,800 in fees for each Scottish student – compared to £9,250 paid by students at English universities. And there is a cap on the number of Scottish students that are funded. So the universities have had to rely on large numbers of foreign students who pay around ten times as much in fees. Students from China, India, Nigeria and the USA make up about a third of the total student population of 292,000. The universities now fear that changes to the UK visa rules will result in a fall in the number of foreign students and that will plunge them into even deeper debt.

The universities' predicament has prompted a debate over the SNP's long-held principle of free university tuition. Can it be afforded? Should it be targeted on those who really need it? Is it a subsidy to the upper and middle classes? Should the money be used to boost the vocational colleges instead? Where is economic growth best promoted, in universities or colleges? It's a debate only beginning and there are no majority answers yet.

The awkward thing about economic growth is that it's entangled with everything else: better child-care to allow women back to work; faster treatment in hospital to get the hobbling wounded back to work; an end to low-wages so that households have more money to spend; more affordable housing close to places of work; better transport links to cut congestion...the list goes on. This allows the government to claim that all of its budget is being spent promoting economic growth. But still there is no growth.

Happily, growth can just spring up naturally, from the well of human imagination, from discoveries and inventions in universities and company laboratories. It can come too from movements in the arts and sport, think of the gaming industry,

or the cinema, or best-selling books, or the multi-million industries of football or pop concerts.

But however growth arises, it's not the answer to all our political prayers. We still have to decide how the extra taxes are spent. And if there's no growth at all, we could still re-distribute the wealth we have and "show the heavens more just."