

Osborne shouldn't be squeamish about luring businesses from Scotland

If Nicola Sturgeon wants to treat England as a foreign country, then she must expect a response

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A ban on genetically modified crops, despite its importance to Scotland's large food and drink industry; the introduction of costly, politically correct gimmicks such as a business pledge that includes scrapping zero hours contracts and a more diverse workforce; state-directed research that even Jeremy Corbyn might regard as a bit old-fashioned; and, of course, the political instability that comes from the constant threat of a fresh independence vote.

Perhaps not very surprisingly, the Scottish Nationalist government in Edinburgh is increasingly imposing anti-business and anti-technology policies on the country.

That is of course up to them. It is, however, also an opportunity for English regions, and of course Wales and Northern Ireland as well, and one they should not be squeamish about taking.

As Scotland makes itself less and less economically competitive, then London, Newcastle and Cardiff should be aiming to persuade the businesses based there to move south. It is too good an opportunity pass up.

Only this week, the Scottish government demonstrated that it cares more about making right-on political gestures than it does about nurturing a successful economy. It imposed a formal ban on genetically modified crops, despite the fact that the country has a major food and drink industry worth some £14bn a year.

The Scottish wing of the National Farmers Union protested that it was disappointed, pointing out that many of the crops that would now be prohibited had been passed as perfectly safe by the EU.

So did some of the life sciences companies based in Scotland. But never mind. The SNP administration decided that GM food smacked of wicked agri-business and decided to ban it anyway.

In May, the SNP launched a Scottish Business Pledge, a pious document full of the kind of promises Hillary Clinton might come up with on a bad day.

Scottish companies are meant to pledge themselves to scrapping zero contracts, despite the evidence that, despite occasional abuses, plenty of part-time workers

actually quite like them, and to promoting vague and woolly goals such as having a more diverse workforce.

Bizarrely the party claimed that it would improve competitiveness and productivity, despite having zero evidence to back that up.

This month, it emerged that only 63 companies had signed up so far – hardly a great surprise, since most companies prefer to hire people according to their abilities rather than some “diversity” target that makes politicians look politically correct.

Meanwhile, Nicola Sturgeon has been touring the Far East and China, touting the kind of state-led research programmes, with supposed commercial spin-offs, which were popular in the 1960s, but have fallen out of favour ever since, mainly because they never worked.

Perhaps most seriously of all for its economic prospects, the party is creating more and more political instability. It is already talking about staging another referendum, despite the fact that a clear majority of Scots voted to remain in the Union less than a year ago. There is a good chance they might win it a second time around.



Nicola Sturgeon has demonstrated that the Scottish government cares more about making right-on political gestures than it does about nurturing a successful economy

Over the next few years, any responsible business based in Scotland is going to have to start questioning whether they should remain there.

Even if Scotland never votes for independence, higher taxes and more regulation are inevitable as more power is devolved to Holyrood. Why not get out, especially as you

can trade in sterling and have complete access to the British and EU markets, just a few miles down the road?

Centres such as London, Manchester and Cardiff put a lot of time into trying to tempt companies to invest in their cities instead of Frankfurt, Toulouse or San Francisco. Where possible, they will try to persuade them to switch their base from Atlanta or Tokyo or Madrid. So shouldn't they now also be campaigning for Scottish companies to make the move?

There are plenty to go for. As the SNP never tires of pointing out, **Scotland is a pretty successful medium-sized economy**. Cities such as Edinburgh and Glasgow are as productive as anywhere in the UK, outside the exceptional powerhouse that is London.

It is not just oil. Scotland has substantial food and drink, chemicals, and life sciences industries. Edinburgh is the fourth biggest financial centre in the world – and Glasgow, with plenty of back office work, is not far behind.

The oil companies are not going to move. There is no point in shifting your rig from Aberdeen to Southampton – there isn't any oil there.

But much of the rest could potentially be persuaded that England was not such a bad option. Many of the fund managers based in Edinburgh could certainly be persuaded to come to London. They do much of their business there anyway, and most of their clients are English rather than Scottish.

The back office work might struggle to justify London's rent, but could perfectly well relocate to Bristol or Birmingham – they will be able to access all the legal and accounting advice they need in either city.

The life sciences firms could just as easily move to Cambridge or to one of the science parks around the English universities. The chemicals companies could move to the North East, where there is plenty of skilled labour, and a long tradition of heavy manufacturing.

Heck, perhaps even the whisky firms could open distilleries in Wales. The Welsh already make some perfectly decent spirits – and the heavy drinkers in Shanghai or Seoul, who are the main customers for the stuff these days, might well not be so expert in British geography that they can tell the difference between a Welsh or Scottish dram. With the right label, they will still buy it.

• Is the SNP about to split as a new Scottish Independence Party is formed?

If George Osborne wanted to be really mischievous – and it would be hard to blame him – he could throw in some tax break for any business moving from Scotland to the rest of the UK. A five-year business rates exemption might well tempt a few.

Of course, that will annoy Nicola Sturgeon. But then everything annoys her anyway, so that won't make much difference. The fact is, if Scotland wants to treat England as a foreign country then it must expect a response.

And that means facing some tough competition from the rest of the country in attracting, and keeping, companies, investment and jobs.