

A Sustainable and Low Carbon Scottish Economy, **What** needs to change and **how**.

The above title was the subject of a recent conference organised by LINK's Economics Group. The focus was on the *What* and the *How* and speakers and participants provided plenty of food for thought. In case any of us were in any doubt about the urgency of climate change, Graeme Maxton (Secretary General of the Club of Rome) told us that the 1972 Club of Rome book, *Limits to Growth*, was correct in its predictions and subsequent analysis has confirmed that we have gone into over-shoot, going beyond the capacity of the planet to sustain us. We must reduce human impact, which he directly attributes to the neoliberal economic system that has dominated since the 1970s. James Curran added that some of his recent analysis shows CO² absorption capacity of our ecosystems is now in decline, hindering the planet's capacity to sequester carbon emissions and exacerbating climate change.

Katherine Trebeck reminded us that our economy, as well as ruining the environment, is not delivering wellbeing. This is borne out by data and indexes that track wellbeing but also by Oxfam's work in Scotland in which citizens were involved in discussions about the economy and what was important to them. The HumanKind Index came out of this work which both highlights what people's priorities are and how well they are being met.

But what can we do to change the system? Graeme Maxton was clear that it is the economic system that is the root of climate change and inequality, but changing it is the hard part – partly because many ways one might want to intervene would lead to unemployment, but also because of the power of corporations and vested interests and the innate tendency of humans to favour the short-term. Cost is another barrier, although he highlighted that if we were to spend 1% of GDP on transferring our economy to one that is low carbon, we could avert serious climate change consequences in 20 years. He outlined 3 of the 13 proposals from his new book, *Reinventing Prosperity*: share out work more evenly; tax fossil fuel use and redistribute it equally amongst citizens; and, provide a basic income.

The conference then turned to what we could do on a Scottish level. Lots of ideas were put into the mix. Lady Susan Rice spoke about how progressive thinking should be realising that economies will be strong because they are sustainable. This was echoed by Maurice Golden, MSP, who highlighted that for businesses to be secure, they will need to adopt circular practices. Businesses will need to contribute to environmental aims and need to explore new models to take up these opportunities ahead. We heard from David Pearson of Start Renewables that 50% of buildings in Scotland are near large water bodies and could therefore be heated by heat pumps – significantly reducing fossil fuel use as well as providing jobs and reducing air pollution.

Several suggestions related to the structure of the Scottish economy and issues that need to be addressed in order for it to respond to the current challenge in a way that contributes to wellbeing. George Kerevan, MP, noted that there is a need for better physical integration between elements of the economy and the need for more medium sized, family owned businesses which typically have long time horizons. Richard Leonard, MSP, said we need an industrial policy to make sure that we have the capacity in the economy before policies are

introduced, otherwise Scottish people lose out as they have done with many of the renewables projects to date.

We also heard about ways to redirect investment into enterprises with social and environmental objectives, for example through a social stock exchange which would include a list of vetted companies and enterprises. The use of existing regulation was suggested – for example, under Section 82 of the Climate Change Act Scottish Ministers can specify the recycled content of anything used in Scotland. Building regulations and planning, and the use of Natural Capital accounting to provide a case for green infrastructure, could do much to put us on the right track. We need to be aware of the extent of public money in the economy and demand that it is spent in a way that contributes to wellbeing, and we must get better at scrutinising investment, for example the City Deals.

These ideas and many more were discussed in a fruitful day. A full conference report will be available soon.