

Funding the Future

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The National newspaper in Scotland asked me for a reaction to the news that the UK was in recession yesterday. I had precisely fifteen minutes available to provide it as I was heading for a meeting, and the journalist who asked was not available to talk to. So I wrote this, which then featured later in the day in a National article:

As I predicted during much of 2023, we now know that the UK as a whole was in recession during the second half of that year, and barely avoided it over the year as a whole.

Rishi Sunak promised us that growth was his goal and that he would deliver it. He failed. Worse than that, he was bound to fail because he did not put in place any of the policies required to deliver growth.

Tax cuts can never deliver growth. They just make the rich richer.

Austerity cannot deliver growth. It just crushes public services and the pay of those who work for them.

Interest rate hikes have never delivered growth. They just boost bankers bonuses whilst crushing the wellbeing of those households who have mortgages and those who pay rent.

Pay restraint cannot deliver growth. In fact, it is designed to deliver the exact opposite.

Sunak promoted everything that created a recession. It is not an accident that we have one. It was by his design.

What we now need to deliver growth are three things.

The first is significant new investment by the state in climate change infrastructure, social housing, transport, energy, and the other systems that will transform our economy into the sustainable one that we need.

Second, we need to provide incentives so that households can invest in our future, whether that be by insulating their homes, installing heat pumps, or by buying electric vehicles.

And, third, business needs to invest to increase productivity, which it would if the government and households were spending, because they would then have the incentive to spend money to transform their business processes.

Rishi Sunak has not hinted that he will do any of these things.

Labour has cancelled its £28 billion plan for green growth.

Both these Westminster focused parties are failing the UK, and neither of them gives a damn about what happens in Scotland.

If Scotland wants growth to exploit the enormous green energy potential that exists within the country then it could have it. That though is only possible if it is freed from the shackles of the Bank of England and HM Treasury in London, which still believes in the policies that delivered the great recession in the 1930s, and might now deliver the great recession of the 2020s.

A Scottish government with its own currency, its own power to borrow, and its own ability to sell the benefits of its own green energy potential could deliver real growth for Scotland. Alternatively, as part of the UK, the current mess will continue.

Scotland has a choice. It should never forget it. Economic recession need never be a part of its future.

And if you want to know why I do not think Labour will do that well in Scotland come a general election, that is why. Scotland has other options. The rest of us have fewer.