

FRASER OF ALLANDER INSTITUTE

Editorial Introduction

In this volume of the Fraser Economic Commentary we continue to mark the fortieth anniversary of Scotland's leading commentary on the Scottish economy; the **Fraser of Allander Institute** and the **Fraser Economic Commentary**. We publish Part II of the Fraser Economic Commentary Catalogue for the years 1991 – 2000. This includes all forecasts, outlook and reviews and articles published by the Commentary over the period which are now available on the Fraser Economic Commentary Digital Archive created by the Andersonian Library at the University of Strathclyde. The Archive can be searched by author, title, and key words on any search engine.

We also publish the second instalment of **Alf Young's 'Forty Turbulent Years': from recession to democratic renewal via privatisation and fading silicon dreams (1991-2000)**, a history of the Scottish economy and economic policy issues, as seen through the pages of the Fraser Economic Commentary. The concluding installment, bringing Scotland's economic story up to date, will be published in October 2015.

The Scottish economy is fundamentally part of the wider, global economy. The implications for the Scottish economy of the on-going US / EU negotiations over what is known as **TTIP, the Transatlantic Trade and Investment Partnership** is outlined by **Ian Wooton of The Department of Economics at Strathclyde Business School** and a leading international trade specialist. He provides a guide to TTIP (and its cousin TPP, the Trans-Pacific Partnership), what its aims are, how it fits into the global agreement on trade and how it might impact on the Scottish economy and individual sectors.

In **'Ageing, health status, and economic activity in Scotland: a 20 year view'** **Robyn Millar, Professor Sir Harry Burns** and **Alec Morton of the University of Strathclyde's International Public Policy Institute's Centre for Health Policy** analyse the health and economic activity status of Scotland's population over the next 20 years. Their analysis provides further evidence of the economic value of moving toward social public expenditure prevention – in health, economic inactivity etc. – and away from the high acute spend associated with accommodating ill health, economic inactivity and home-based living for the old and the 'old, old'.

As noted in this Commentary's Scottish Labour Market overview, the changes in Scotland's labour market reflect responses to the Great Recession and its jobs aftermath. In **'Scotland's labour market, 'jobs polarisation' and inclusive growth'**, **Gail Rogers** and **Kenny Richmond of Scottish** focus on the squeeze on middle-skilled and middle-waged occupations. They note that these changes pre-date the Great Recession and have significant implications for both the scale and nature of future job opportunities and on the nature of inequality in Scotland.

Finally, with the Smith Commission now being enacted by the new UK Government, Jim Cuthbert analyses **The Barnett formula under the Smith Reforms**. He models Barnett using Holtham indexation and shows the Smith Reforms may make the Barnett formula produce untenable fiscal outcomes that will necessitate corrective action, either by Westminster (most likely) or by the Scottish Parliament. He also proposes a practical adjustment method to take account of relative changes in the rate of population growth as between Scotland the UK, to help forestall some of its wilder fiscal excesses.

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