

Independence for Scotland!
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Theoretical and Practical Reflections
on the 2014 Referendum
and its Possible Outcomes

By

Didier Revest

**CAMBRIDGE
SCHOLARS**

P U B L I S H I N G

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For Corinne
Alice and Julien

To the memory of friends and mentors

Tony Fletcher
Prof. André Guillaume

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Wherefore should I
Stand in the plague of custom, and permit
The curiosity of nations to deprive me
[...]?

(*King Lear*, Act I, sc. 2, 2-6)

CHAPTER ONE

WHEN IT BECOMES NECESSARY TO DENY THE OBVIOUS

A – A Foregone Conclusion

Historian Michael Fry, who has recently launched ‘Wealthy Nation’,¹ a pro-Scottish independence group of prominent right-of-centre academics and businessmen acting independently from the Yes Scotland campaign,² has put it in a nutshell:

If the raising of economic growth to make this a wealthier country is not among the prime aims of independence, then of what use is independence to ordinary Scots as opposed to political obsessives?³

Taken at face value, the point, like the logic undergirding it, seems as utterly unassailable as the evidence for it is clear. According to Strathclyde University Professor of Politics John Curtice and Rachel Ormston, a Senior Research Director at the Edinburgh-based Scottish Centre for Social Research (ScotCen), the results released in late January 2013 from the longest-running and most in-depth study of Scots’ attitudes towards their constitutional future (the Scottish Social Attitudes Survey) showed that only ten per cent of the Scots who did not think independence would be beneficial economically supported the idea of breaking up the United Kingdom.⁴ Unsurprisingly, the final Electoral Commission report into the

¹ Michael Fry, ‘Interest in pro-independence ideas’ – *The Scotsman*, 3 January 2014.

² Launched in May 2012, it is a far broader movement and has the support of the Scottish National Party (SNP), the Scottish Greens, the Scottish Socialist Party, Solidarity and independent Members of the Scottish Parliament.

³ Michael Fry, ‘Converts to Scotland’s cause’ – *The Scotsman*, 27 February 2013.

⁴ John Curtice & Rachel Ormston, ‘Comment: Attitude to risk holds key’ – *The Scotsman*, 24 January 2013.

conduct of the referendum,⁵ also published in January 2013, reached the conclusion that the most commonly raised issue was the economic impact of independence. (Murray *et al*: 25, footnote 18)⁶ Months later, the causal relationship between people's view on the economics of independence and their stance on the constitutional question remained 'clear' to many.⁷

It will then come as no surprise that Ewan Crawford, a lecturer in journalism and former private secretary to the current Cabinet Secretary for Finance, Employment and Sustainable Growth in the Scottish Government, John Swinney (when the latter was leader of the SNP [2000-04]), has insisted that the UK economy is 'hopelessly unbalanced' because Westminster policy-makers consider London and the South East of England to be the engine of private sector growth. Only independence can, in his opinion, alter the trend. Importantly, he has further explained that independence is nothing to be afraid of as Scotland's assets abound, from oil revenues, the renewable energy potential, or the fact that Scottish public finances have been healthier than the UK's, to the quality of Scottish universities, the country's reputation for producing quality goods, and the strength of key sectors – e.g. food and drink.⁸

E. Crawford's pessimistic, and at the same time optimistic, outlook is apparently quite justified. On the one hand, despite the current crisis, the export value of Scotch whisky rose by 71 per cent between 2006 and 2011 to over £4.2 billion. Over the same period, food exports – salmon in particular – increased by a similarly impressive 65 per cent.⁹ On the other hand, experts in England also lament the 'strong tilting in population growth towards the South East [...] away from the North and Scotland', which is seen as 'a worrying trend' (confirmed by the 2001 Census), a trend that goes hand-in-hand with the imbalance in economic growth. (Lupton & Power: 14)

By 2009, more people (8.4 million) lived in the South East than in any other region or country of the UK, including London, whose population was some 8 million at the time. Around a third of its working-age

⁵ To be held on 18 September 2014.

⁶ For full references to sources mentioned in in-text notes, see Bibliography.

⁷ See e.g. Eddie Barnes, 'Scottish independence: What convinces Yes voters' – *The Scotsman*, 31 August 2013.

⁸ Ewan Crawford, 'Real welfare disaster comes if we stay in Union' – *The Scotsman*, 22 January 2013.

⁹ 'Chocs away' – *The Economist*, 14 April 2012.

population was qualified to Level 4¹⁰ or higher. Employees in the South East had the second highest earnings (after London), 5 per cent above the UK average. Almost a quarter of employee jobs were in the professional and business services and finance sector while the region was home to the largest pharmaceutical and biotechnology clusters in Europe. The value of the economy was £177 billion, the second highest region (again, after London, whose own GDP was actually equivalent to those of Portugal and Austria combined). More than 330,000 businesses were located in the South East, almost as many as in London. Put together the two regions, which attracted at least 60 per cent of private Research & Development investments and were the country's number-one tourist destination, accounted for some 45 per cent of British GDP, and their economies would, if independent, have ranked 10th in the world, just behind Canada. Last but not least, life expectancy in the South East (including London) was the highest in the UK. (Causar & Park: 1; Appert *et al*: 12 & 62)

This 'southern bias', as it is called, is not a recent phenomenon either. A wide range of state economic developments, from Ministry of Defence research and contracting to the Chunnel to the growth of financial services after deregulation in the mid-1980s, already tended to favour the south of England and London at the expense of the rest of the country.

As is clear from the above sharp criticisms, these problems stem from the current political situation at the UK level and from what happened on that same political stage in earlier periods. The economic decisions and austerity measures imposed by the Conservative-led coalition government under Prime Minister David Cameron are indeed bitterly resented in Scotland. The more so as, after some three years of cuts in all forms of public spending, the UK economy has seen little growth and has only started to improve quite recently,¹¹ while purchasing power for the majority has fallen rather sharply.

To those who think that Scotland is currently being short-changed, this litany is the latest in a series of serious failures imposed by successive 'London-based' governments. In the 1970s already, its economy was a subject of intense worry for many of its citizens: it was for example increasingly functioning as a branch-plant economy. Only about 22 per cent of whisky distilleries were still under Scottish control while the great majority of Scottish industrial workers were employed by England-based or foreign companies, with inward investment from US firms alone

¹⁰ Holders of Level 4 qualifications have the qualities required for jobs in which the exercise of some personal responsibility is needed.

¹¹ See e.g. 'How is it really doing?' – *The Economist*, 10 August 2013; C. R., 'March of the builders' – *The Economist*, 25 October 2013.

increasing almost thirty-fold over 1945-81 (Pittock 2001: 137), not to mention the consequent relocation of many managerial functions away from Scotland. (Lee: 113-114 & 116)

Importantly, too, in the eyes of many, things went from bad to worse especially during the 1980s. Under various Conservative administrations, Scotland, although it performed better than some English regions, saw unemployment remain high as manufacturing decline over 1976-87 was more severe north of the Tweed than in any other part of Britain. (Lee: 117) Worryingly, its relative living standards and population fell steadily. It also had the highest proportion of lowest paid workers while it kept losing ownership, control and decision-making functions. Crucially, the Scottish Office, which, since its establishment in 1885, had 'given a political meaning to Scotland' as it was 'the expression of a complex network of social organisations' (McCrone 1998: 23), became more obviously the instrument of a London government towards which more and more Scottish voters felt hostile. (Lee: 7)

An aggressive strategy of establishing public-private partnerships was thus foisted on Scotland, with a view to replacing public resources with private sector investment and enhancing the role played by the private sector in public policy formulation. (Danson *et alri*, in Martin & Townroe [eds.]: 108-109 & 112-115; Brown *et alri* 1996: 42) For instance, the reforming of the *British* system of welfare, e.g. by creating an 'internal market' from 1991, signified a shift, however limited, to a managed (= competitive) market within the service that could only have repercussions on the sense of togetherness that its creation had fostered from the late 1940s. (Ward 2004: 168) Promoting a policy based on support for small firms did not help either; assistance to industry plummeted from £242 million in 1986-87 to £129 million in 1991-92, mainly as a result of the near elimination of the regional development grant. (Lee: 117 & 134)

Another element that, later on, caused great disillusionment in Scotland, in particular on account of the rise of a new class of managerial professionals who fought the creeping neo-liberalism of the 1980s through key networks and institutions (e.g. local government and the churches), was New Labour's commitment to the neo-liberal policy, introduced early on by Margaret Thatcher, of shifting the fiscal burden from direct to indirect taxation – a must, incidentally, with the IMF and the World Bank. This, however, amounted to depriving 'governments of the main redistributive mechanism that could alleviate poverty by transferring resources from rich to poor.' (Callinicos: 53) Let alone, of course, the growing role played, during Tony Blair's premiership too, by private companies in education (e.g. for the management of some state schools) or

the National Health Service, and New Labour's pressing for the adoption by the EU of more flexible labour-market policies.

Officially, the aim may have been to attempt to synthesize the liberal commitment to individual freedom in the market economy and the social democratic commitment to social justice through the action of government, but, characteristically, the so-called 'Third Way' had little to say about the distribution of power and wealth, or about the way the capitalist system is organized. True, unemployment was massively cut from the late 1990s, while public expenditure on health and education was gradually raised and anti-poverty programmes were introduced. However, adaptation – through education, training and life-long learning – became the watch-word; the idea was to come to terms with the changes brought about by globalization. Importantly, the emphasis on education and training to expand opportunities for the British workforce could, so the logic went, help make the industrial world more efficient without the government having to intervene in the private sector. Hence the almost total absence of other measures (which would have led to intervention): e.g. reforming the financial system. By and large then, globalization was treated as an irresistible force, quite outside any government's influence, although, *at heart*, globalization is largely the result of political decisions taken from the 1970s onwards by Western countries such as the USA, Britain and France to deregulate markets.

The SNP therefore sound quite convincing, as they have done over the years, when they attack past and current Westminster-led policies: the cut in capital spending; the failure to set up a Norwegian-style oil fund for future generations; engaging in a boom in credit and debt expansion; London-centric decisions focusing economic activity away from Scotland; and austerity pursued at the expense of growth. In other words, not only has London held Scotland back for generations, but it also pursues policies that are not fit for Scottish circumstances.¹²

There are probably deep structural reasons why, after all, the foregoing will sound even more logical, regardless of the actual intricacies of the present debate on the state of the UK and Scottish economies.

Firstly, if University of Glasgow Professor Murray Pittock is to be believed, the setting up, on an unprecedented scale after World War Two, of a unified British social and economic policy, combined with greater mobility and the decline of the Kirk's influence on social mores, 'undermined the domestic bargain of Union'. Indeed, the nationalization

¹² 'Scottish independence: economic paper set for launch' – *The Scotsman*, 21 May 2013.

policies of the 1945-51 Labour Government led to the centralization, in the South East of England, of the control of industries in which Scotland had long shone – e.g. railways and mining; similarly, the creation of the National Health Service in 1948 and the nationalization of the Bank of England two years earlier both served to set a unitary agenda determined more and more from London. The capital was no longer just an economic magnet; it had become ‘a social master’ too. All this, to the academic, amounted to tinkering with the very spirit and machinery of the 1707 settlement, i.e. the Anglo-Scottish Union, which might explain why, in the early 1950s, an estimated two million people famously pledged themselves to a covenant to secure a parliament for Scotland. (Pittock 2008: 16)

Secondly, and most interestingly, as another academic, Professor C. H. Lee, wrote some years ago:

Economic matters have played a much larger part in debates about Scotland and the Union than they have in England. This includes both the original motivation for joining the Union and the subsequent effects of that decision. (Lee: 7)

In the decades leading up to the 1707 Treaty of Union, the Scots had striven hard to set up a ‘union of trade’ so as to secure access to the English market without tariff barriers, while the London government gradually increased pressure for union by imposing new ones and threatening further economic sanctions. Besides, by 1707, state finances in Scotland were in a very poor condition, so much so that revenue was insufficient to pay the army and the civil establishment. Economic prosperity then meant more than just that. Characteristically, fifteen of the twenty-five articles in the Treaty were concerned with the economic question. (Lee: 3 & 8-9; Whatley: 56-80 & 85-89) As a matter of fact, even those commissioners who rejected the rest of the union proposals approved the article which set up a protected free trade environment for Scottish merchants.¹³ Likewise, it seems that popular agitation played a part from a strictly economic point of view in the sense that there was ‘a measurable drop’ in terms of the level of extra-parliamentary opposition once the English government had accepted to reduce excise duties on ale, malt and salt. (Whatley: 79-80; 80 for the quote)

In the long run, the economy could only remain centre stage for at least two basic reasons. To begin with, although its existence was to be much resented in other UK regions, the emergence of the Scottish Office in the

¹³ Christopher Whatley, ‘Battle for hearts and minds’ – *The Scotsman*, 27 November 2012.

late 19th century did provide a vehicle for lobbying in Westminster. (Lee: 175) Besides, two of the main influences on all industrial countries in the course of the twentieth century have been painful economic adjustment and government economic management. Their conjunction in Scotland explains why a lot of attention has been concentrated on their most obvious manifestation: the Union. (Lee: 19) It is then hardly a surprise, again, if the loss of ownership and control, in particular from the 1920s, caused some of the earliest economic anxieties concerning the Union. (Lee: 124)

Better still, structural change, as it involves the recreation of employment, is a slow process. But this intractable problem also meant that the twentieth century was synonymous with growing government intervention, so much so that economic success emerged as a yardstick for the performance of the political system. The centrality of government was reinforced by the fact that the state became the employer of many Scots on account of the nationalization of much of heavy industry and the growth of the public sector. Therefore, economic performance, relative prosperity, and, basically, the economics of the Union became closely linked to government activity and performance. (Lee: 125-126)

Hence the convincing economic case that was presented (just as oil-production in the North Sea was taking off) by R. G. L. McCrone, former economic adviser to the Scottish Office and author of a secret paper about the viability of an independent Scotland written in the weeks immediately before the February 1974 Election:

Scottish nationalism has been much more concerned with economic prosperity than nationalist movements in other countries. Unlike Wales there is no great cultural movement attaching to the preservation of a language. The main cause of discontent is the country's unsatisfactory economic performance over the last half century, especially the persistent unemployment and net emigration above all in the West of Scotland. [...] The SNP have therefore based their campaign on the assertion that Scotland would be economically better off independent [...]. Yet in spite of Scotland's undoubtedly poor economic performance the SNP case until recently lacked credibility. [...] The importance of North Sea oil is that it raises just this issue in a more acute form than at any other time since the Act of Union was passed. (McCrone 1974: 1)

Naturally, as can easily be inferred from the foregoing, the use of the words 'economy' and 'economic' made by supporters of Scottish independence must be understood in both a narrow and a broad sense.

B – A Progressive Agenda

Independence would not only release Scotland's entrepreneurial energies and be a magnet for talent, but it would also be more conducive to a fairer society, more protective of social solidarity and welfare, than the Union. Typically, in his keynote address to his party's conference in Perth on 20 October 2012, Alex Salmond told delegates that the nationalist cause was not, and had never been, just about achieving a constitutional objective; the whole point was 'to create a more prosperous economy and a more just society.'¹⁴ And the message contained in *Scotland's Future*, the Scottish Government's white paper on independence, naturally partakes of the same logic (2013: e.g. 43-44 & 608).

Many in Scotland support the vision. To Scottish musician and activist for Scottish self-government Pat Kane, a Yes vote will be the expression of a belief in his countrymen's ability to come up with a progressive direction for Scotland, emerging from an honest debate about education, welfare, health, housing, media, economics, defence, and so on.¹⁵

Deputy First Minister Nicola Sturgeon, who also took over responsibility for the independence referendum in late 2012 as the new constitution minister, has often emphasized what she sees as the most obvious implication of the above. In an article in early 2013, she pointed out that independence had, *in fine*, little to do with national identity:

the case for independence does not rest on identity or nationality, but rather on values of social justice, enterprise and democracy. [...] the UK is the fourth most unequal country in the developed world – a situation that will only worsen as a result of the cuts imposed on working families and vulnerable citizens by the Westminster government. [...] and my contention is that the UK has failed Scotland over the long term and under successive governments of all colours.¹⁶

Britain has indeed, for a long time now, been one of the most unequal states on earth. Between 1979 and 1996, under successive Conservative governments, the incomes of the richest tenth of the population increased by 68 per cent, whereas those of the poorest dropped by 12 per cent.¹⁷ In the meantime, child poverty had risen dramatically. By the mid-1990s, the

¹⁴ Quoted by Tom Peterkin, 'SNP party conference: 'We're ruled by a bunch of Snootys,' says Alex Salmond' – *Scotland on Sunday*, 21 October 2012.

¹⁵ Pat Kane, 'A 'Yes' vote is not just for independence, it can let us find our own direction' – *Scotland on Sunday*, 8 July 2012.

¹⁶ Nicola Sturgeon, 'No more 'what ifs'' – *Scotland on Sunday*, 27 January 2013.

¹⁷ After allowing for inflation and housing costs.

child poverty rate in the UK was the third highest of the 25 nations for which data was available. By the early 2000s, New Labour policies had in fact had little impact on income distribution. (Pantazis *et al*: 4) Some ten years on, 170,000 children in Scotland, i.e. nearly one in five, live in poverty, which is defined as having to survive on less than 60 per cent of the UK median household income (£359 per week).¹⁸ Similarly, according to Danny Dorling, Professor of Human Geography at Sheffield University, writing in *Fairplay: A Daniel Dorling Reader on Social Justice*, the richest tenth of adults in London have 273 times the wealth of the poorest tenth (compared to 96:1 across England), which makes the UK capital the most unequal city in the developed world.¹⁹

Unsurprisingly, speaking at an End Child Poverty coalition event in Edinburgh in early March 2013, Nicola Sturgeon asserted that the eradication of child poverty could be written into the constitution of an independent Scotland, along with ‘economic and social rights’, e.g. free university education and the right to a home and a life free of poverty.²⁰ This is definitely in line with the radical credentials of a party whose members are famous for insisting that they are the only true Labour Party of Scotland.

In short, Scots need their own state to grow the economy so that Scottish society as a whole can benefit. No more, no less. Characteristically, page 7 of the May 2013 *Scotland's Economy: the case for independence* publication reads: ‘A competitive economy and a fairer society: two sides of the same coin’.

Put differently, independence can plausibly be presented as an answer to ‘the idea that efficiency as the market defines it and justice as socialists have conceived it can be reconciled’. (Callinicos: 109) Indeed, despite the reach of globalization, there are quite a few – e.g., in France, left-wing economist J. G n reux, and Centre d’ tudes et de recherches internationales Research Director Samy Cohen – who feel that there is still room for economic and social manoeuvre on a strictly *national* level, as illustrated by the clearly differing policies that states throughout the world can and do adopt, and the fact that capitalism comes in various shapes and sizes due to the hugely different national legislations (e.g. in terms of workers’ rights, of the role of the state in the economy or how wide the pay gap between

¹⁸ Andrew Whitaker, ‘No child poverty in independent Scotland - Sturgeon’ – *The Scotsman*, 8 March 2013.

¹⁹ See Gerry Hassan, ‘The fourth most unequal country in the world’ – *The Scotsman*, 17 March 2012.

²⁰ Quoted by Andrew Whitaker, ‘No child poverty in independent Scotland - Sturgeon’ – *The Scotsman*, 8 March 2013.

the better-off and the worse-off) that still somehow constrain it. (Généreux: 67; Cohen: 64; see also Tétart: 51)

Other Scottish Nationalists have come up with an even more ambitious vision of what an independent Scotland should enable Scots to do. As members of the union, peace, anti-racist, anti-NATO, feminist and environmental movements, they believe the SNP's official pro-independence agenda is not enough. To them, the emphasis should also be on environmentalism and peace, and on promoting cooperation with other radical movements elsewhere, e.g. in the EU.²¹

In any case, when taken together, the pro-independence arguments sound rather final, so much so that supporters of independence should, if I may say so, be forgiven for believing independence comes down, eventually, to nothing but the future state of the economy and what it would help a fully independent Scottish state to achieve. Nonetheless, broadly speaking, there are at least two problems with the approach.

C – All is not as it Seems

First of all, the debate about the nature of the Scottish economy post-independence is characterized by profound uncertainty, at least, that is, as far as the non-specialists, i.e. a particularly huge chunk of the electorate, are concerned. Week in, week out, the best Scottish newspapers are indeed awash with articles by all manner of economic experts²² on how well or how bad Scotland would do post-independence, not just in terms of people's pensions or what share of North-Sea oil Scotland would get, but also in terms of public investment, limits on spending or borrowing, and credibility on international financial markets, or the nature of the Scottish currency, the pros and cons of the possible creation of a monetary union with the rest of the UK (under an independent Bank of England), or of adopting the euro after independence, or of having an independent Scottish currency, and so on and so forth.

There seems to be no end to the ping-pong battle between pros and antis as report after report is interpreted in either a positive or a negative way. For example, in mid-2012, Professor John Kay, who, among others, is a former member of A. Salmond's Council of Economic Advisers (2007-10) and a fellow of St John's College, Oxford, said Scotland would

²¹ See e.g. Gregor Gall, 'Look to the Left for radical new vision' – *The Scotsman*, 24 November 2012.

²² Economic journalists, academics, businessmen, Nobel Prize winners, chairpersons of various institutions, and the like.

face five years of economic uncertainty if it entered a period of negotiations (e.g. on corporation tax and the use of the pound) with the rest of the United Kingdom and the European Union following a Yes vote in 2014. He was joined by academics – e.g. oil expert Professor Alex Kemp of Aberdeen University – and business leaders, who warned that there remained a significant number of unknowns. The Scottish Government duly disputed these claims, insisting independence would be ‘an entirely known and clear proposition’ by the time of the vote.²³

In late 2012, financial actuaries Punter Southall, which run more than 225,000 UK occupational pension schemes, expressed ‘growing alarm’ over the potential impact of independence on the Scottish pensions system, and said there had been a ‘marked upturn’ in concerns related to independence by clients north of the Border, while an SNP spokesman countered:

Independence gives Scotland the fiscal powers to have more competitive corporate tax compared to the rest of the UK, which would bring jobs and HQ functions to Scotland.²⁴

A few months later, a past president of the Institute and Faculty of Actuaries said that an ageing population, a higher proportion of public service workers than in the rest of the UK, and predictions of dwindling oil revenues would leave an independent Scotland ‘at a disadvantage on several counts’, a verdict shared by the Scottish Conservatives and Scottish Labour. He further pointed out that ‘The UK system is not perfect, nor is the system in any country, but it is built, it is sustainable and it has a broad spread population to support it.’ His comments were also supported by new research from the House of Commons library, which suggested an independent Scotland could face a pensions crisis, with the Scottish Government unable to pay a rapidly growing state pension bill, and with Scots being excluded from UK private pension funds. The Scottish government, unsurprisingly, had little time for all this; it pointed out that its own ‘detailed analysis shows state pensions in an independent Scotland will be more affordable than they are in the UK’.²⁵

Likewise, after the London-based Office for Budget Responsibility – an independent watchdog providing advice on the UK’s public finances –

²³ See ‘“Uncertain” five years following Yes vote’ – *The Scotsman*, 20 June 2012.

²⁴ Quoted in ‘Fears for pensions over independence’ – *The Scotsman*, 30 November 2012.

²⁵ Quoted by David Maddox & Brian Ferguson, ‘Yes vote ‘threat to pensions’’ – *Scotland on Sunday*, 10 March 2013.

had estimated that oil production in Scottish waters could generate £31 billion in tax revenue up until 2018, Alex Salmond unveiled his government's first Oil and Gas Analytical Bulletin, giving a figure of up to £57 billion.²⁶

Conversely, a few weeks before, the SNP government's claim that independence would help protect Scotland from the worst of the austerity cuts imposed by Westminster had been thrown into doubt by the Glasgow University-based Centre for Public Policy for Regions as it predicted a slump in the amounts of oil and gas pumped out of the North Sea as well as lower projections for future price levels, which would leave Scotland in a tight fiscal situation after 2014-15.²⁷

It therefore seems that R. G. L. McCrone made a perfectly valid point long ago when he asserted, in a letter to the Scottish Economic Planning Department (Edinburgh) and the Cabinet Office (London), dated 23 April 1975, that

one can reach almost any conclusion depending upon the assumptions that are made about tariffs, a common currency, a Scottish Government's spending priorities and its success in controlling inflation.

In short, as Andrew Goudie – a former chief economic adviser to the Scottish Government and now an adviser to the Principal at the University of Strathclyde – has explained, nobody can possibly give all the answers before the referendum; the cloud of uncertainty will only be lifted by the holding of negotiations.²⁸ However, for the voters, even this honest statement leaves much to be desired: the said negotiations will only truly take place if (and therefore only *after*) Scotland has voted for independence.

Another problem for the average elector is that the debate on the Scottish economy is bound to get very technical. As Peter Jones has explained for example about credit-rating:

the broad lesson is that possession of oil reserves guarantees nothing about the likely credit rating an independent Scotland would have' since, 'while the agencies are trying to assess the long-term stability of an economy, the markets are looking for shorter-term profits.²⁹

²⁶ Scott Macnab & Eddie Barnes, 'Salmond: Scotland's 'oil boom' to bring billions' – *The Scotsman*, 11 March 2013.

²⁷ Scott Macnab, 'Scotland 'will be poorer than UK' as projections for oil and gas revenues plummet' – *The Scotsman*, 20 December 2012.

²⁸ Andrew Goudie, 'Just how free would we be?' – *The Scotsman*, 5 March 2013.

²⁹ Peter Jones, 'Worrying signs of currency wars' – *The Scotsman*, 26 February 2013.

While one must admit that raising these questions can hardly be helped and that they may eventually be dealt with in an accessible manner, one must also recognize that the economic issue *as a whole* will not necessarily become much less complex. For example, Adam Tomkins (John Millar Professor of Public Law at the University of Glasgow) added to both the uncertainty and the complexity when he reminded his readers that, among other things, Scotland would need its own armed forces, embassies, diplomats, security and secret intelligence services, Treasury, tax collectors, as well as the appropriate framework required to operate its own welfare state. In other words, thousands more public employees would have to be recruited, trained, and given offices to work in.³⁰

In fact, there is more than ‘just’ uncertainty and complexity. Part of the data that could help clarify some of the points raised in this ongoing debate does not exist. In Scotland, for example, there are no comprehensive or timely figures on business start-ups. As Bill Jamieson, a prominent Scottish financial and business journalist, has explained:

New business bank account data does not cover all the banks in Scotland, and there is no central pulling together of data that would give us an accurate picture of start-up activity. We badly lack a focal point where the latest figures are presented and which would give encouragement and support for our entrepreneurs.³¹

Likewise, despite the recognition in the early 2000s that there was a particular need for indicators to capture the deprivation affecting Scotland’s rural areas, indices continued to ignore certain key economic and social issues causing disadvantage there. (Scott, in Newlands *et alri*: 75-76)

Furthermore, Jeremy Peat, the current Director of the David Hume Institute, and Lesley Sutton, a research manager, have recently explained in a paper that ‘there simply is no one “correct” answer’ to the question of how much UK debt an independent Scotland would have to shoulder, as it will be determined not only by statistics, but also – and perhaps even more – by politics. One may of course identify the key data and devise means for sub-dividing the debt. Nevertheless, no one approach is intrinsically ‘right’; each will lead to intense debate. Worse still, ‘There is no straightforward answer as to what level of debt to GDP is acceptable and indicative of a healthy economy.’ As a matter of fact, decisions taken

³⁰ Adam Tomkins, ‘Independence a road to nowhere’ – *The Scotsman*, 8 February 2013.

³¹ Bill Jamieson, ‘More yeast a recipe for inflation’ – *The Scotsman*, 4 April 2013.

in any settlement may influence an independent Scotland's initial level of debt, and, as a result, its credit standing, as the country sets out on an economic course that is, by definition, new and to a large extent uncharted.³² Finally, the situation is much the same at the other end of the politico-economic equation: 'Whitehall does not count all of Britain's revenue and spending streams by geography.'³³

By and large, a successful economy and a socially fairer Scotland going together, Bill Jamieson is then justified in asking whether the evidence exists that there is a causal link between e.g. business formation and political independence, and how constitutional change will then deliver fairness and social solidarity.³⁴

Scotland has been there already. Despite the struggle for devolution³⁵ over the 1980s and 1990s being primarily inspired by a desire to grow the economy and pave the way for a non neo-liberal future, the economic evidence that the new settlement was going to deliver those outcomes was rather thin. As late as 1999, the same Bill Jamieson felt compelled to write: '[We have] a huge amount of information. But there is much that we don't know.' (Jamieson, in Peat & Boyle: xi) In the concluding chapter to the same book, the authors emphasized the fact that 'Unfortunately, other significant gaps render our knowledge of the economy in Scotland imprecise for policy-making.' By which they meant that they 'simply [did] not know the value of Scottish GNP', nor Scotland's inflation rate, that more data on aspects of the Scottish economy was needed, and that unless these and other basic facts were known, it would be 'difficult to have an informed and credible discussion about output trends and inflationary pressures in Scotland'. (Peat & Boyle, in Peat & Boyle: 169-172; 170, 169 & 172 respectively for the quotes)

As if that were not enough, those issues were further obscured, as they are today, by party politics. In much the same way as, in early 2012, when, for the first time, he met for talks with his new Council of Economic Advisers, Alex Salmond typically described Scotland as 'a better bet in every respect [e.g. in terms of debt ratio to GDP and of fiscal balance] than

³² Jeremy Peat & Lesley Sutton, 'Sharing the debt burden' – *The Scotsman*, 28 March 2012.

³³ 'The Scottish play' – *The Economist*, 14 April 2012.

³⁴ Bill Jamieson, 'Clear the fog around independence' – *The Scotsman*, 11 October 2012.

³⁵ i.e. the setting up of a Scottish Parliament with devolved powers – see below, Chapter Two/B.

the United Kingdom’,³⁶ Scottish Labour politician Donald Dewar (1937-2000),³⁷ speaking in St Andrews on 30 November 1998,³⁸ less than two weeks after the Scotland Bill had received Royal Assent, pointed his finger at those who, brushing aside the difficulties, ‘sketch[ed] in a sweep of exciting opportunities for a separate Scotland.’ He went on to boast that ‘We have to ask the hard questions about the impact of independence on Scotland’s finances’, about the consequences for Scotland’s industry – especially defence – and commerce, and about the implications of dismantling, for example, the UK-wide system of pensions and benefits.

The truth of the matter is that the stakes were, and are, too high for the parties on either side of the political divide to address them in as objective a way as could perhaps be. In the book by J. Peat and S. Boyle, one can also read:

With hindsight, both sides made exaggerated claims about the effects of devolution on the economy and business. [...] Devolution is not a panacea for Scotland’s economic ills, and to expect rapid and substantial benefits is unreasonable. (Peat & Boyle, in Peat & Boyle: 167)

However that may be, the economic calculations made by both sides of the political divide over the years have prompted Professor Michael Keating, a leading specialist in European politics, to write:

Like most economic scenarios, they rely on assumptions from economic theory or about the likely behaviour of actors; and the data on which they rely are at best estimates and often controversial. Differences in Scotland’s notional fiscal deficit thus vary enormously. The calculations and the assumptions are so contested that the arguments seem to cancel each other out, *leaving electors to decide the issue on other grounds*. (Keating 2009: 113; emphasis added)

I personally fully agree with Professor Keating. Indeed, whether they like it or not, Nationalists are not just hammering home the fact that the Scottish economy is not performing as it should and making scenarios for a bright future, they also, importantly, start from the notion that the Scottish economy can improve *only by breaking with England*, which, if it happens, will have primarily to do with the Constitution. This suggests, firstly, that the relationship with England, as it stands, is fundamentally the

³⁶ Quoted in ‘Scotland ‘is a better bet than the UK’’ – *The Scotsman*, 21 January 2012.

³⁷ He was instrumental in the creation of the current Scottish Parliament.

³⁸ See ‘The Scottish Parliament: The Challenges ahead’.

real problem ('it is holding Scotland back'), and, secondly, that the *other* (non-economic) repercussions of the break need addressing too.

D – From Single-Issue Politics to Russian-Doll Debate

Let's turn to the first aspect of this two-pronged problem. Should we, for example, take it for granted that the Scottish economy is still primarily constrained by that of England and the London-based governments when the Scottish Parliament has been in control of such vital fields as (to name but a few) tourism, economic development, local government, agriculture and training for the last 15 years or so? And are there not more powerful constraints weighing it down, which independence will make virtually no difference to?

To put it less enigmatically, the centrality in nationalist discourse of England and London is, I believe, largely misplaced on two counts. On the one hand, it tends to suggest that Scotland bears little responsibility for the economic ills that have befallen its economy, as if it had had no part in the matter, as if it had been helpless all along. In fact, and on the other hand, it also precludes discussions about forms of economic constraints that all nation states, whether old or new, big or small, rich or not so rich, have to labour under because, precisely, they have never quite managed to go beyond their differences in an attempt to sort them out, or simply because the said constraints do exist throughout our modern economic world.

Nationalists, somehow, are aware of the problem. Andrew Goudie, for instance, is adamant that

In the modern global economy, constraints flow from the familiar interdependencies that now characterise global economic activity and globalisation. [...] The critical point is that political and economic self-determination are necessarily and unavoidably constrained concepts.³⁹

But, surely, acknowledging those 'necessary' constraints is not the same as taking stock of the nature of their implications. Happily, there is a whole (readable) literature on those key questions that is just 'waiting' to be tapped into.

I should in all honesty say that I am not, alas, an economist *at all*, having trained as a teacher of English. So I must accept that I may not make a particularly good job of sifting the wheat of economic truth from the chaff of ideology and error even though I believe I have identified economic themes that objectively deserve all our attention. As a matter of

³⁹ Andrew Goudie, 'Just how free would we be?' – *The Scotsman*, 5 March 2013.

fact, if I have undertaken to look into the Scottish independence question, it is because I think it is possible to contribute to the debate in another (arguably fruitful) way. This is where I have to turn to the other possible meaning of the phrase ‘other grounds’ (see quote by Professor Keating on p. 15 above).

Economic uncertainty led some left-wing commentators as early as the 1970s to question the rationale of the case for Scottish independence. And they saw more food for thought elsewhere: they instead recommended that the case be made ‘in political and cultural terms’. (Smallwood, in *Young European Left*: 19) Even R. G. L. McCrone, despite his other declarations (see above, p. 7), conceded exactly the same point from page 1 of his report: ‘The case for Scottish nationalism is, of course, very much more than an economic issue.’ In his conclusion, he made an even more interesting statement:

Thus, for the first time since the Act of Union was passed, it can now be credibly argued that Scotland’s *economic* advantage lies in its repeal. When this situation comes to be fully appreciated in the years ahead, it is likely to have a major impact on Scottish politics, since it is on social and political grounds alone that the case for retention of the union will in future have to be based. (McCrone 1974: 16-17; emphasis in text)

My own aim will be to show that, precisely, the independence debate cannot – in essence – be about the Scottish economy alone and the relevant technicalities, on the one hand, nor, on the other hand, just about the economy in general, including the global constraints mentioned previously. I even believe that it is fair to suggest that these problems are rather small change, however shocking and preposterous this might at first sound.

Indeed, what is the logic that can possibly justify the notion that, were Scotland as successful as the SNP *et alri* wish it to be, the wealth then generated should go into no other pockets than Scottish ones? Why should a prosperous Scotland be construed as a country that can no longer share its wealth with England, Wales and Northern Ireland? After all, many countries that have gained independence in recent decades, such as Croatia or Slovenia, originally strove for separation primarily because they were increasingly reluctant to redistribute part of their resources to poorer sister-nations within the former Yugoslavia, like Bosnia or Kosovo. (Dieckhoff: 227). But, importantly, their economic vision also fitted into a specific cultural discourse that started from the notion that theirs were countries apart. Is Scottish nationalism any different?

The heart of the latter problem is best illustrated by the question put by the SNP back in the 1970s, during the so-called ‘Scotland’s Oil’ campaign, i.e. ‘Rich Scots or Poor Britons?’ Is independence justified because England has repeatedly ridden rough-shod over Scotland for decades now? Or because we are dealing with two separate societies, whose different forms of ethos, i.e. the attitudes and values that are taken for granted (see e.g. Bourdieu 2012: 405), justify that risks and profits cannot be shared?

Typically, certain high-profile Nationalists have insisted that the economy is just an element within a bigger picture. To Colin Fox, Yes Scotland advisory board member and Scottish Socialist Party spokesman, independence would represent a ‘significant defeat for the British state and its stranglehold over our economy, *society, culture and politics*.’⁴⁰

The debate about Scottish independence actually brings into play concepts such as the ‘Other’, reciprocity, mutuality, separateness, which all point towards the organization of society and the extent of citizens’ rights and duties, all of which are intensely *political* themes. Put simply, questions other than the economy – to begin with, national and political identity – should be prominent in the debate.

Of course, I am far from being alone in raising those issues. Neil Mulholland has explained that political self-determination will make Scottish culture stronger (Mulholland, in Hassan & Ilett [eds.]: 210); it will at the very least help protect Scotland from the considerable political and cultural hegemony of London and the Home Counties. (Hearn: 112-113)

This is not surprising. The Nationalists’ vision would amount to very little if it did not build, as it clearly does, upon the presupposition that Scotland and England are different, that their respective identities (whatever the form) tell them apart, with e.g. the Scots being quite unlike the more market-oriented English. It is no coincidence that, speaking at the TEDGlobal2012 conference, Alex Salmond said that although there was a strong economic case for independence, ‘The argument for independence is Scotland as a nation’.⁴¹

That is why I think Professor Christopher Whatley, a prominent Scottish historian and Vice-Principal of Dundee University, writing in a book about the background to, and causes of, the Union of 1707, was perfectly right to point out that:

⁴⁰ Quoted in ‘Scotland’s Road to Socialism’ – *The Scotsman*, 29 May 2013 (my emphasis).

⁴¹ Quoted by Tom Peterkin, ‘Economy not main issue, says Alex Salmond’ – *The Scotsman*, 28 June 2012.

The conditions which prevailed in the early 1700s are no longer present. On the other hand, many of the considerations which weighed heavily in the minds of those responsible for leading Scotland towards Union in 1707 are the same: what does being Scottish mean; where does Scotland stand on the monarchy; what is Scotland's relationship with Europe, including Scandinavia, to be; how significant is the English connection; where do Scotland's best economic interests lie; and is national independence worth having, whatever the cost? (Whatley: 15-16)

In late 2012, a project led by the same historian was even launched to apply academic rigour to the issues surrounding independence. But calling for 'deeper analysis and more profound thinking' about the nature of what the referendum was about, the academic drew attention to the fact that polling showed that questions of history, identity and emotional attachment might play 'the most significant role in terms of the electorate's decision-making.'⁴² In another *Scotsman* article, he insisted that 'more probing questions' had to be asked about what it meant to be Scottish today, and what it might mean if Scotland broke with the UK.⁴³

Most tellingly, according to an SNP-commissioned poll in early May 2013, that asked voters whether they would be more or less likely to vote Yes if they were persuaded independence would create a fairer and wealthier society, 35 per cent of respondents said it would make them more likely to vote for independence. However, the largest proportion – 43 per cent – were those who opposed independence and said that even if they were persuaded of the case, they would still vote No.⁴⁴

This is far from a one-off. A paper based on extensive interviews with Scottish residents and also published in May 2013 by researchers studying the Scottish Social Attitudes Survey concluded that economic wellbeing *and* people's sense of British identity – particularly among people over 65 – were the keys to delivering a swing in favour of independence next year. Among people with very little sense of British identity, 53 per cent said they would back independence while only 9 per cent of those who felt they had a strong sense of British identity said they would.⁴⁵ Similarly, according to a survey by researchers from the University of Edinburgh

⁴² Cited in Lindsey Bews, 'Five million questions to be posed on voters' behalf' – *The Scotsman*, 19 November 2012.

⁴³ Christopher Whatley, 'Battle for hearts and minds' – *The Scotsman*, 27 November 2012.

⁴⁴ Eddie Barnes, 'Independence: Sturgeon - 'no' vote is a 'gamble'' – *Scotland on Sunday*, 12 May 2013.

⁴⁵ Eddie Barnes, 'Scottish independence: 'Britishness' key factor' – *The Scotsman*, 16 May 2013.

(who questioned 1,018 people aged 14-17 in the spring of 2013), national identity does matter. Those who identified solely as Scottish, had a clear likelihood of intending to vote Yes. Among those who felt more British than Scottish, 96 per cent would vote No. The more British a person felt, the less likely they were to vote in favour of independence.⁴⁶ In fact, in recent decades, polls have more or less always produced similar results. (Pittock 2008: 83)

Ultimately, this raises the question of why it is so. Indeed, as has been written, men are perfectly capable of disregarding their own interests, and this is because they can behave in an ethical manner. (Todorov 1989: 423) Now, what can possibly be the source of this ethical reaction in our context?

We shall answer the question in due course (see Chapter Two/E), but, for the time being, it is crucial that we bear in mind the fact that the discourse on the Scottish economy is not anathema to the national identity question; it is an integral part of the latter. When they insist, as we have seen, that the London governments' policies have been primarily rejected because they have been 'foisted on the Scots' by 'alien' governments, which is another phrase for 'the London-based central governments', Nationalists, though they may ignore the fact, merely collapse the nature of the authoritative command into the source of it. (Morgan: 136-137) Because the decisions are made by a parliament and a government located in England, they are then held to be alien. The UK governments, however, have hardly ever been coextensive with just the best part, or the whole, of England. And this basic perspective error changes everything.

At a public meeting on 31 October 2012, at the Calton Centre in Leith, ex-Labour MP and MSP John McAllion argued the case for independence. Now in the Scottish Socialist Party, he said that 'Independence means Scotland will no longer have to suffer Tory governments with all the economic and social misery that entails.'⁴⁷ But, in fact, anybody, anywhere in the UK, who disagrees with the coalition government's decisions, would agree. Many places and areas in the north of England would be ideal candidates here. Yet, their inhabitants would barely sound convincing if they then jumped to the conclusion that they must break with the centre too. The reason for this is because e.g. on Tyneside or Merseyside, in Greater Manchester or, for that matter, inner-city London, the 'us and them' rhetoric, the idea that they are in essence radically different from the rest of England, can hardly be capitalized upon.

⁴⁶ 'Scottish independence: 60% of teens say no' – *Scotland on Sunday*, 2 June 2013.

⁴⁷ Quoted in 'Independence views aired' – *The Scotsman*, 31 October 2012.