

The questions over Scottish independence

I would like Scotland to stay in the UK and note that a majority of Scottish people in the latest polls wish to. I think all should rest with the agreement in 2014 that that was a legal once in a generation vote. As the Scottish election is dominated by arguments about independence, with the SNP wanting another early referendum on the subject to try to reverse the decision made just a few years ago to remain, it is necessary to look at some of the consequences of a theoretical pro independence vote.

Many SNP people and arguments imply they do not want an independent Scotland. Many seem to want devo max. The official party position is now to want so called independence but to assume they will be admitted to the EU. They do not have doubts about how feasible that would be, nor do they think through what a negotiation would be like to try to bring that about. Presumably the EU would want Scotland to be a net contributor to the EU budget, a very different relationship to one they have with the UK budgets that have favoured Scotland. They would also presumably expect Scotland to prepare to enter the single currency. That at least would sort out the strange refusal of the SNP to say which currency they would use were they win a referendum, though there would still be the question of what currency they would adopt between leaving the UK and being admitted as full members of the Euro.

In the last referendum many SNP supporters argued they should stay in the pound. It seemed doubly bizarre to want an independent Scotland to have a foreign Central Bank. There would be no reason for the rest of the UK and the Bank of England to go on taking Scotland's economic needs into account when setting rates and banking policy. Scotland would not be represented on the Board or around the Monetary Policy Committee table. They also believed last time that large and rising oil revenues would bail them out. Today the oil price is much lower and the new Scotland is committed to net zero, so they have to plan the demise of their oil industry.

The issue of debts and deficits would loom large. Of course if leaving the UK Scotland should take her fair share of the collective debt. Her budget deficit would be far too high for the Maastricht EU rules. That is an issue they would need to sort out as part of their membership talks with the EU. Meanwhile they would need to satisfy international debt markets about their plans.

I am not one to go in for Project Fear type projections of what might happen to Scottish economic output, jobs and trade were she to leave the UK. I have seen too many of those exercises be too pessimistic without helping the cause of those trying to keep a Union together. It is however important that the rest of the UK makes clear that were Scotland to hold and win a legal referendum to leave the UK we would respect it, and would proceed to negotiate exit. The UK would need to make fair proposals to share the debt, to allow independent migration and citizenship policies, to provide a means

of following different trade and foreign policies, and settling issues over defence amongst other matters. Scotland would need to put up an EU external border with England if she got her way and became an EU member. Would Scotland seek to join NATO and be a committed ally of the UK? How quickly would the UK military bases in Scotland be removed? The rest of the UK should not seek to obstruct a departure following a legal referendum, but nor should it allow exit on Scotland's preferred terms. 300 years of Union has created much common working and interwoven institutions so there would be much to unravel.