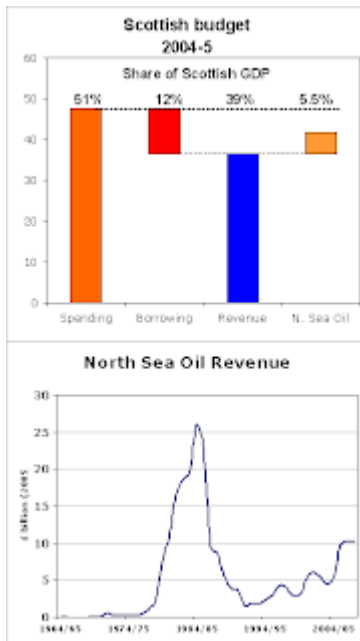


Vote for Scottish independence and accountability



Scottish independence is in the air. It's the 300th anniversary of the [Act of Union](#) and people both sides of the border are restless with the settlement. In Scotland, partial devolution has intensified the hunger rather than quench the thirst for complete autonomy and the governing Liberal-Labour coalition is losing out to the opposition separatist Scottish National Party. Proud Scotland with its traditions and distinct identity would be more than at home as a distinct state in the European Union. [Eight members of the current EU](#) have smaller populations than [Scotland's 5.1 million](#), which lies between Finland and Ireland - two of the EU's success stories.

So what are the costs and consequences of independence...?

In England, perhaps we are irritated by the [West Lothian question](#) - why do Scots MPs get to vote on English matters for those subjects that are devolved to the Scottish Parliament, such as health, education, environment and most social policy [see [devolved and reserved matters](#)]? We also suspect that English taxes are propping up a bloated unreformed Scottish public sector, which is quick to brag about the perks that it offers to Scots - like abolishing tuition fees for Scottish universities [see [Scottish Labour spending brags](#)] - without bothering to use its [tax-raising powers](#) to pay for them. Perhaps we English gripe that public spending in Scotland is £7,597 per head compared to £6,361 - 20% higher (See [Table 3.1 in the accounts](#)) through the [Barnett Formula](#). And we are probably tiring of embittered Scots blaming us for their woes and refusing to support our football team at events like the World Cup, which they didn't qualify for [see [The Scotsman theme on World Cup allegiance](#)].

And opinion really is moving... polling for the Telegraph ([here](#)) now shows majority support for Scottish independence in both England and Scotland - and slightly more in England. I have to say, I'm for it. In fact, I'm so for it that I think England should declare its own independence from the United Kingdom, and

force the issue, though I doubt that will ever happen. Scottish independence would give Scots an unambiguous identity and control over their own affairs. Most importantly, *it would introduce accountability* and a better democratic relationship between taxation and representation.

As FT columnist Martin Wolf puts it, “Scotland spends like Finland, but taxes like Canada” [[view column](#)]. And this is right: [Scottish Executive accounts](#) show that expenditure is about 51% of GDP whilst income is about 39% of GDP - making a huge 12% budget deficit. Ah, but what about North Sea Oil? Well revenue was 5.2 billion in 2004-5 (see chart & [data](#)) - so even if all the government revenue and all the contribution of N. Sea oil to GDP were added to Scotland’s accounts, the deficit would still be a hefty 4.8% of GDP (see [Scottish Executive discussion of oil revenues](#)). Note that this would exceed the constraints of the EU’s fiscal rules which limit member state budget deficits to 3% of GDP ([the excessive deficit procedure - Art 104 of the Treaty](#)) and independent Scotland may not be allowed to join without first being an ‘accession state’. The fiscal position should improve, at least briefly, because N. Sea oil revenue is rising. But the point is this - the independent Scotland has extremely weak public finances. Independence would mean fixing that as well as incurring very large ‘setup’ costs as British institutions are separated into national components like a divorcing couple dividing up the home and possessions (who will get the Inland Revenue computer?).

The effect on Scotland of having to correct a long-term structural deficit would be profound - there would be an imperative to raise taxes and tackle public spending - the exact opposite of the comfortable Scottish political consensus. A cushion of some N. Sea money would help, but long term, it would have to take on greater austerity and reform - and live within its means within the European Union. I’d love to see [Alex Salmond of the SNP](#) taking that particular medicine to his people!

An interesting and mischievous alliance is developing between Scottish Nationalists and English Conservatives. The latter would like to see the Westminster Parliament constituted as an English parliament for devolved issues, with Scots and (sometimes) Welsh not voting - which would deprive Labour of its majority and possibly give them an English majority after a further election. It also keeps the heat on the very Scottish Gordon Brown. The Nationalists have been awakened to the cause of the under-represented Englishman. From opposite ends of the political spectrum, both are edging the centre of political gravity towards independence. I’ll be looking forward to the [Scottish elections on 3rd](#)

[May 2007](#) - they could be very pleasingly disruptive.