



SCPO Briefing Paper

Scottish Independence Referendum: The Scottish Government White Paper, “Scotland’s Future: Your Guide to an Independent Scotland”

February 2014, Briefing 2014/2

Background and Rationale

On the 26 November 2013 the Scottish Government published its White Paper “Scotland’s Future: your guide to an independent Scotland” which outlines what Scotland would look like and how it would operate should the population vote “yes” in the Scottish Independence Referendum on the 18 September 2014. While the Scottish Churches Parliamentary Office is committed to maintaining an impartial stance on the Scottish Independence referendum, we also acknowledge its significance as a political and national event; we also acknowledge and encourage the need for churches to be informed and involved in discussions about Scotland’s future.

With this in mind we have examined the Scottish Government’s White Paper with particular attention to themes that have been requested for inclusion in this briefing from ecumenical contacts covering some areas of interest for Scottish Churches. This list is non-exhaustive and therefore this Briefing Paper only provides a small snapshot of what “Scotland’s Future” has to say.

It is important to note that this is a White Paper written by the Scottish Government and therefore this reflects the vision of the SNP’s aspirations for an independent Scotland. Other views have been expressed, on both sides of the independence debate. Throughout this briefing, the focus will be on the proposals made by the Scottish Government in the White Paper, but other documents will also be used to highlight where there may be particular areas of contention or interesting points to note.

The original document, “Scotland’s Future”, is 670 pages long and this Briefing Paper therefore cannot, nor does it claim to, cover everything. We would encourage anyone wishing to unpack these or other themes in greater detail to explore the original material. Links to additional reading material are included at the end of this Briefing.

Focus 1: POVERTY and ECONOMICS

Poverty

Citing a report by the Institute for Fiscal Studies¹ “Scotland’s Future” raises concerns that as a direct result of the Westminster Government’s welfare changes, the child poverty rate in Scotland is predicted to rise to 22.7 per cent (50,000 children) by 2020². The starting premise on this issue then is that with independence these welfare changes, such as the “bedroom tax”, can be stopped at source and therefore prevented from having their predicted impact³. With independence, the Paper suggests, Scotland can take an economic approach and provide a welfare system that is specifically suited to Scotland’s needs.

¹ IFS Report 78 “Child and Working-Age Poverty in Northern Ireland from 2010 to 2020.” <http://www.ifs.org.uk/comms/r78.pdf>

² The Scottish Government, “Scotland’s Future: Your guide to an independent Scotland”, 2013 (hereafter “Scotland’s Future”), p.135

³ “Scotland’s Future” p.153

Moreover, the White Paper highlights that two thirds of children who live in poverty in the UK have at least one parent in paid work⁴. Child poverty therefore is not just an issue of benefits and tax credits. The Paper says that an independent Scotland will ensure work is a valid and available route out of poverty. The Paper proposes to do this by guaranteeing that the minimum wage will rise at least in line with inflation⁵, while also providing 1,140 hours of free child care a year for every three, four, and vulnerable two year old by the end of the first Scottish Parliament – a move that will reduce the burden of child care costs while also enabling parents to return to work⁶.

The Paper argues that with independence the Scottish Government will have the policy levers necessary for a holistic approach to child poverty. In particular the Paper suggests independence would enable the Scottish Government to coordinate the economic, welfare, and education systems in Scotland to deliver for children, allow parents to work, and boost family income. Nevertheless, critics point out that many of the policy areas relevant to the alleviation of child poverty: health, education, housing, are all already under the control of the Scottish Parliament under the present devolution settlement.

The Paper also talks about the possibility of enshrining such commitments within the constitution of an independent Scotland⁷; however this would have to be decided by an independent constitutional convention.

Welfare

Under the current system, welfare is one of the powers reserved to the UK Parliament. With independence the White Paper states that Scotland will have the chance to implement a social welfare approach which, rather than viewing welfare services as a safety net for individuals who cannot support themselves, sees it as an opportunity to invest in people throughout their lives⁸. From this approach the Paper advises that benefits and tax credits would increase at least in line with inflation to protect families from falling further into poverty⁹; fuel poverty could be reduced by moving the cost of the Energy Company Obligation and Warm Home Discount Scheme to the Scottish Government¹⁰; and currently passported benefits such as free school meals could be maintained. Should the present Scottish Government be in power following the first parliamentary elections to the Scottish Parliament post-independence, The White Paper also promises that the “Bedroom Tax” would be abolished, and: “A further early priority for this Government will be to launch an urgent review of the conditionality and sanctions regime, to establish an approach that is proportionate and ethical, and that avoids excessive or blanket measures which penalise those looking for work. We will also conduct an urgent review of the system of assessments for disability benefits.”¹¹

Economy

The main strand of argument running through the White Paper is that with independence, Scotland would be in full control of its resources, and therefore decisions about economic policy would be entirely the responsibility of the Scottish Government. The headline overview is therefore: “We will work in partnership with the rest of the UK to share the pound for our mutual benefit, but we will pursue a Scottish tax and economic policy to boost jobs, growth and social justice.”¹²

The White Paper refers to the UK having one of “the most unequal economic models in the developed world”¹³ and by establishing Scotland as an independent nation rather than one aspect of a larger UK economic area (which, the White Paper states, is overwhelmingly focused on the economic development and success of London and the South East of England), decisions can be made which are more specifically

⁴ “Scotland’s Future” p.164

⁵ “Scotland’s Future” p.85

⁶ “Scotland’s Future”, p.194

⁷ “Scotland’s Future” p.153

⁸ “Scotland’s Future” p. 160

⁹ “Scotland’s Future” p.79

¹⁰ “Scotland’s Future” p.78

¹¹ “Scotland’s Future”, p.159

¹² “Scotland’s Future”, p. x

¹³ “Scotland’s Future”, p.5

intended to “build an economy that takes advantage of Scotland’s unique strengths and size, and which delivers a more outward focused, fairer and resilient economy.”¹⁴

The current Scottish Government sets out its intentions for 2016, if elected as the first Government of an independent Scotland:

- **A competitive and efficient tax environment**¹⁵
Making Scotland competitive – particularly in relation to the close proximity of London. A main tranche of this ambition relates to the intention to lower corporation tax up to three percentage points below the rest of the UK.
- **Support for the reindustrialisation of Scotland**¹⁶
This is predominantly about job creation, and again using tax incentives to attract manufacturing firms. A new industrial strategy would be created which would support research and development, create jobs, and support indigenous companies by strengthening the role of the Scottish Investment Bank.
- **Boosting Connectivity**¹⁷
Increasing Scotland’s reach across the world through reforming Air Passenger Duty to encourage more long-haul flight destinations, which will in turn make Scotland a more attractive destination for business and tourism.
- **Consumer Protection**¹⁸
Mention is made here of pay-day lenders: the present Scottish Government would introduce a cap on short-term interest rates and regulate advertising of pay day lending firms.
- **A Valued and Well-Rewarded Workforce**¹⁹
A commitment to the living wage, improving the minimum wage and supporting skills development to support sustainable employment opportunities.

Currency Arrangements

The White Paper sets out the intention of the Scottish Government that an independent Scotland would retain the pound as the currency of an independent Scotland.²⁰ This has not been an uncontroversial aspect of the White Paper – as noted in the White Paper itself that there are advocates of independence who would prefer alternative currency arrangements – but it is the intention of the current Scottish Government to pursue a currency union with the rest of the UK to retain the pound.

“Our intention to retain Sterling as the currency of an independent Scotland is based on an analysis of the potential impact of the alternative currency options on Scottish people and businesses, including the ease with which they can conduct their business with people and companies across the rest of the UK and beyond. While the Scottish Government recognises the political and economic objectives of the Eurozone, an independent Scotland will not seek, nor will we qualify for, membership of the Eurozone. Scotland’s participation in the Sterling Area will not conflict with wider obligations under the EU treaties.”²¹

However, since the release of the White Paper, the financial spokespeople for the Conservative Party, Labour Party and Liberal Democrats have all indicated that an independent Scotland would not be entitled to retain the pound in a currency union with the rest of the UK. The main opposition to such an arrangement appears to lie in the fact that ‘currency union’ is not so much problematic in terms of shared use of the pound per se, as the shared governance of monetary policy that would have to follow from such a union. This has generated a great deal of political attention particularly because the UK Government made advice given by a senior civil servant from the UK Treasury available which cautioned against such a

¹⁴ “Scotland’s Future”, p.89

¹⁵ “Scotland’s Future”, p.97

¹⁶ “Scotland’s Future”, p.97

¹⁷ “Scotland’s Future”, p.98

¹⁸ “Scotland’s Future”, p.100

¹⁹ “Scotland’s Future”, p.103

²⁰ “Scotland’s Future”, p.110

²¹ “Scotland’s Future”, p.222

currency union.²² This is unusual because advice from senior civil servants is not normally published. Pro-union campaigners have therefore been seeking the Scottish Government's "plan B" for currency which does not exist within this White Paper.

A vision for alternative economics?

The White Paper states clearly: "An independent Scotland will not replicate the economic structure of the UK; instead independence will bring opportunities to operate more effectively and efficiently."²³

Whilst these proposals are all explained in far more detail within the White Paper, what is perhaps missing is a vision for an alternative economic system. Given that Scottish Churches have an interest in ethical finance, and have explored alternatives to the present economic system including alternatives to GDP, microfinance and the use of credit unions; the fact that there is no mention of anything to do with ethics or rethinking how economics is done in Scotland may be disappointing.

Focus 2: ENVIRONMENT

The Environment

The Paper is quick to point out Scotland's already progressive approach to the protection of the environment with a cumulative fall in greenhouse gas emissions of 29.6 per cent since 1990 and a target of 42 per cent by 2020.²⁴ The Paper argues that Scotland's lack of an independent seat in the EU prevents it from being able to do more on the world stage in encouraging other countries to follow suit. Furthermore, the Paper says that independence would enable Scotland to negotiate fairer EU funding allocations for rural development which could better equip Scotland to carry on its environmental work as some of the funds are targeted towards environmental protection and accelerated delivery of commitments on reducing greenhouse gas emissions.²⁵ However, it should be noted that despite the reduction in emissions which the Scottish Government note, the legally binding climate change targets set by the Scottish Parliament have been missed in the first two years of reporting following the Climate Change (Scotland) Act 2009.²⁶

The Paper also highlights Scotland's wealth of current and potential sources of renewable energy, including a quarter of Europe's offshore wind and tidal potential.²⁷ The suggestion is that Scotland is well placed to be an example to others on renewable energy and Carbon reduction, and independence would enable it to realise its potential. Further discussion within "Scotland's Future" revolves around the ability it would have, if independent, to link up its energy and transport policies so that the electrification of rail and the development of electric vehicles can work in tandem with the expansion of renewable energy generation.

However, combined with its emphasis on carbon reduction and renewable sources of energy, "Scotland's Future" also discusses at length its intention to reduce Air Passenger Duty (APD) by 50 per cent, with a view to abolishing it when public finances allow.²⁸ The reduction of APD is intended to increase air travel in to Scotland, however air travel is significant source of CO2 emissions and without significant advancements in technology, a rise in air travel will have a negative impact on the environment. Moreover, the Paper's emphasis on the estimated 24 billion barrels of oil and gas that are still available in the North Sea (of which the Paper argues is primarily within Scottish waters²⁹), fails to fully engage with the impact that such fossil fuels will have on the environment. While the paper does briefly mention the existence of commercial

²² letter from Sir Nicholas MacPherson, Permanent Secretary to HM Treasury, published in the UK Government: Scotland Analysis Series, 13 February 2014

²³ "Scotland's Future", p.91

²⁴ "Scotland's Future" p.291

²⁵ "Scotland's Future" p.292

²⁶ "Scotland misses second climate change target", Stop climate Chaos Scotland, 7 June 2013

<http://www.stopclimatechaos.org/news/2013/06/07/scotland-misses-second-climate-target> accessed 12 February 2014

²⁷ "Scotland's Future" p.57

²⁸ "Scotland's Future", p.129

²⁹ "Scotland's Future", p.510

opportunities to capture carbon which can only be taken advantage of with independence³⁰, the paper does not provide any specifics. The ambition to move to a low carbon economy, however, is noted as a policy intention that is already underway under the present Scottish Government's direction.³¹

Focus 3: THE PLACE OF RELIGION IN SCOTLAND

Representatives from Scottish Churches recently participated in a stakeholder event run by the Scottish Government which offered the opportunity to put questions to the Government about the White paper. These questions both relate to the place of religion in an independent Scotland. Answers were those given by the Scottish Government following the event.

The following questions were asked:

Q: *The White Paper takes a strong view on equality and says that there will be no change to the legal status of any religion or of Scotland's churches. How does the First Minister foresee the relationship between an SNP government in an independent Scotland and Scotland's faith communities; and the support, including funding, for faith-based social action initiatives? Br Stephen Smyth, General Secretary of Action of Churches Together in Scotland (ACTS)*

A: The Scottish Government will continue to welcome and value the contribution, including faith-based social action initiatives, that Scotland's faith communities make to the social, cultural and economic wellbeing of Scotland. We will continue to provide, and encourage other funding bodies to provide, appropriate support for these important asset based community initiatives. We see no reason why this would change under independence.

Q: *Within the white paper there are a number of commitments to enshrine specific elements in a written constitution. How do you reconcile this with the commitment for a new constitution to be created by a citizen led constitutional convention? Rev Sally Foster-Fulton, Convener, Church and Society Council of the Church of Scotland*

A: The permanent constitution would be prepared post-independence by a constitutional convention in a wide participative process involving civic groups and organisations and also individual citizens. That constitutional convention would operate autonomously and would have wide scope to consider matters. However there are some subjects that would need to be covered, for example those originating from Scotland's international obligations such as ECHR. In addition the current Scottish Government has indicated certain matters which it would propose to the convention for inclusion in the permanent constitution, such as a ban on nuclear weapons being based in Scotland.

In the White Paper, there is a section at the end which contains 650 questions about Scottish Independence. Question number 590 asks: "What will be the position of churches and religion in an independent Scotland?" The White Paper states "We propose no change to the legal status of any religion or of Scotland's churches." **However, by stating that a constitutional convention will steer the development of a permanent constitution for Scotland, a discussion about church-state relations cannot be ruled out: everything would be on the table.**

In terms of Churches operating as charitable bodies, charity regulation is already devolved in Scotland. Nevertheless, the Scottish Government clarify that in relation to Gift Aid, "The current Scottish Government will ensure that charities continue to benefit from tax relief on charitable donations"³².

³⁰ "Scotland's Future" p.302

³¹ "Scotland's Future", p.299

³² "Scotland's Future", p578

Focus 4: DEFENCE

Defence

While securing the speediest and safest removal of nuclear weapons from Scotland remains a stated priority³³, the Paper also outlines a proposed plan for the defence of an independent Scotland. The Paper believes that an independent Scotland's constitution should include a 'triple lock' on military deployment. In this instance any military action would need to be in accordance with the principles of the UN Charter, properly agreed by the Scottish Government, and approved by the Scottish Parliament³⁴. This, the Paper suggests, will prevent any misuse of the military force of an independent Scotland.

By making use of existing military bases and infrastructure, and by making different choices on nuclear weapons and global reach, the Paper argues that an independent Scotland can successfully deliver its defence needs at a lower cost than currently exists. The budget for the defence and security of an Independent Scotland would be set at £2.5 billion compared to Scotland's current contribution of £3.3 billion to the UK defence and security budget³⁵. With this budget the Paper advocates building a focus on maritime and air capabilities to protect Scotland's maritime assets and contribute to collective security in the North Atlantic³⁶. Alongside this the Paper talks of progressively building Scotland's land forces to a total of 3,500 regular and at least 1,200 reserve personnel³⁷. The Paper envisages progressively building an independent Scotland's defence forces to a total of 15,000 regular and 5,000 reserve personnel over the 10 years following independence³⁸.

While its military forces would have more modest aims than those currently held by the UK, the Paper suggests that Scotland would remain active on the international stage by assuming responsibility for the UK's multilateral and bilateral treaties (where it is in Scotland's interests to do so) and by joining NATO and the Organisation for Security and Cooperation in Europe³⁹. There are questions about how Scotland's very clearly stated intention to remove nuclear weapons from its shores will be received by NATO; the White Paper notes that the Scottish Government has already opened discussions with NATO regarding an independent Scotland's membership of NATO. Most of the states within the NATO grouping do not host nuclear weapons in their countries. Nevertheless, it remains the fact that whilst NATO has a long-term "goal of creating the conditions for a world without nuclear weapons ... as long as there are nuclear weapons in the world, NATO will remain a nuclear Alliance"⁴⁰.

Alongside the military forces the current Scottish Government would, in the event of independence, set up a single security and intelligence agency⁴¹. This agency would have a range of responsibilities including intelligence gathering, analysis and reporting, assessment of risk and threat, cyber security and the protection of critical infrastructure. While independent of the police, it is envisaged that the two bodies would work closely, while also collaborating with the rest of the UK on Cyber Security⁴².

³³ "Scotland's Future" p.237

³⁴ "Scotland's Future" p.251

³⁵ "Scotland's Future" p.233

³⁶ "Scotland's Future" p.236

³⁷ "Scotland's Future" p.240

³⁸ "Scotland's Future" p.243

³⁹ "Scotland's Future" pp.226-227

⁴⁰ NATO, "Strategic Concept for the Defence and Security of the Members of the North Atlantic Treaty Organization", <http://www.nato.int/nato-welcome/index.html>

⁴¹ "Scotland's Future" P.261

⁴² "Scotland's Future" p.263

Focus 5: SOCIAL POLICIES

Gender

On the theme of gender “Scotland’s Future” highlights that women are likely to be disproportionately affected by current changes to the welfare system. This is because women are more often the main carers of children and because the majority of low paid workers are women⁴³. Alongside preventing or reversing these changes, the Paper argues that an independent Scotland will work to improve female participation and opportunity in the workplace. The Paper’s proposed provision of 1,140 hours of childcare a year for all children from one to school age by the end of a second independent parliament⁴⁴, will, it is argued, allow parents, in particular women, to choose to work without worrying about the cost of childcare. While the Paper says that the Scottish Government would consult on a target for female representation on company and public boards, and legislate as appropriate⁴⁵. Furthermore, it is noted that the Government intends for an independent Scotland to put gender equality at the heart of its development work⁴⁶.

Human Sexuality / Racial Justice / Religious Freedom

Although “Scotland’s Future” fails to directly mention its vision on human sexuality, racial justice or religious freedom in an independent Scotland, it does say that *“an independent Scotland will have at its heart the respect, protection and promotion of equality and human rights. This will be enshrined in a written constitution to bind the institutions of the state and protect individuals and communities from abuses of power”*⁴⁷. The Paper also highlights that the European Convention of Human Rights would retain the same legal force that it currently holds within Scotland, covering rights such as liberty, the right to fair trial, freedom of speech, association, conscience and religion⁴⁸.

Sectarianism

“Scotland’s Future” does not mention anything concerning Sectarianism. Again, it is likely that this does not feature because criminal justice matters are already devolved.

Human Trafficking

While “Scotland’s Future” does not directly deal with the subject of Human Trafficking it does state that an independent Scotland would intend to continue as a member of the EU and other international organisations concerned with justice. This would allow an independent Scotland to partner with other states against human trafficking. Moreover, the Paper’s vision for an independent Scotland’s border control and immigration policy will have some bearing on this topic.

Of particular note is the Paper’s stated intention of not joining the Schengen agreement, but instead establishing a Common Travel Area within which an independent Scotland would work with the Westminster and Irish Governments to ensure visa and immigration controls met shared standards⁴⁹. Alongside this the Paper proposes implementing a points-based immigration system targeted at particular Scottish needs and the re-introduction of a post-study visa to help contribute to the workforce of an independent Scotland.

End of Life Matters

“Scotland’s Future” does not mention anything concerning end of life matters. This issue, alongside healthcare more generally, is already devolved to the Scottish Parliament.

⁴³ “Scotland’s Future” p107, p.151

⁴⁴ “Scotland’s Future” p.194

⁴⁵ “Scotland’s Future” p.106

⁴⁶ “Scotland’s Future” p.231

⁴⁷ “Scotland’s Future” p.356

⁴⁸ Scotland’s Future p. 568

⁴⁹ “Scotland’s Future” p.224

Conclusions

In exploring “Scotland’s Future” through issues of interest to the Church we become familiar with both the Papers depth and limitations. Where the Paper deals in depth with issues, we must ensure that we are informed and engaged, where these issues are not dealt with the Church needs to bring them to the discussion, and where issues overlap, such as the contrast between renewable energy and the abolition of Air Passenger Duty, we need to ensure that any vision of Scotland’s future is both coherent and cohesive. Whichever way we intend to vote on 18 September it is the responsibility of the Church to understand the implications of independence on all these issues and ensure they have their place in the discussion about Scotland’s future.

As ever, should you require any further information on any of the content of this Briefing Paper, please don’t hesitate to be in touch with SCPO (info@actsparl.org 0131 220 0246/0305).

Further reading: political sources

Scottish Government

Full Scottish Government White Paper, “Scotland’s Future: Your Guide to an Independent Scotland”, 26 November 2013:

<http://scotgov.publishingthefuture.info/publication/scotlands-future>

“Scotland’s Future – It’s in your hands” Factsheet (the Scottish Government has prepared a 12 page summary of the White Paper): <http://www.scotland.gov.uk/Publications/2014/01/5756/0>

Full list of Scottish Government publications relating to the Scottish Independence Referendum: <http://www.scotreferendum.com/reports-white-papers/>

UK Government resources on the Scottish Independence Referendum:

<https://www.gov.uk/government/topical-events/scottish-independence-referendum>

In particular:

UK Government, “White paper unravelling”, 27 January 2014:

<https://www.gov.uk/government/publications/white-paper-unravelling>

UK Government, “Scotland analysis: Currency and monetary policy”, 23 April 2013

<https://www.gov.uk/government/publications/scotland-analysis-currency-and-monetary-policy>

Scottish Green Party

Green Yes Vision: An alternative proposal for Scottish Independence from the Scottish Green Party

<http://www.scottishgreens.org.uk/wp-content/uploads/downloads/2013/11/Green-Yes-document.pdf>

Additional reading:

Institute for Fiscal Studies:

The future of the UK and Scotland project: a research programme which aims to clarify some of the fiscal choices that might face Scotland were it to become independent.

<http://www.ifs.org.uk/projects/408>

Joseph Rowntree Foundation: <http://www.jrf.org.uk/category/themes/scotland>

(Specifically on child poverty in the context of the independence debate)

<http://www.jrf.org.uk/publications/devolved-approaches-child-poverty> (October 2013)

The Future of the UK and Scotland: a politically neutral programme funded by the Economic and Social Research Council. It brings the best of UK social science to the debate about Scotland’s constitutional future and its implications for the rest of the UK.

<http://www.futureukandscotland.ac.uk/papers>

<http://www.futureukandscotland.ac.uk/blog>