

Marriage versus Divorce: Political Parties and the Costs and Benefits of Secession and Union in Scotland.

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Introduction

Secession occurs when a constituent nation or region withdraws from a sovereign state to establish its own sovereign state. As a practice, secession has been widely employed - not always successfully - in a range of different states and continents, particularly in post-

cold war Europe. However, it has had relatively little success in advanced industrial democracies where the practice has been conditioned by economic and social factors as well as the need for democratic endorsement of secession such as a referendum mandate. Indeed, arguably, democracy is exactly what makes secession difficult in Western Europe and North America (Dion 1996). Difficult though it may be, this has not prevented political parties promoting secession from gaining electoral support, a reality which has in turn generated responses from statewide political parties opposed to secession and in favour of maintaining the existing state. Quebec is the prime example of this development, with two secessionist referendums in 1980 and 1995, with Scotland close behind through having a well-mobilised Nationalist movement which has successfully pressured for the creation of a Scottish Parliament.

Rather than focus on the prospects for secession or the constitutional nuts and bolts to achieve secession which have been dealt with elsewhere (Murkens, Jones and Keating 2002; Lynch 2002),¹ this paper will examine the manner in which political parties promote or dismiss secession in the Scottish context. Whilst Scottish independence has existed as a constitutional option in the UK for a number of years, it is really only over the last decade that the issue has gained serious political attention. Each of the two leading parties has made regular attempts to promote/undermine the case for secession in socio-economic and procedural terms since the early 1990s. The onset of devolution with the Scottish Parliament in 1999 further increased the saliency of secession as well as radically altering the political opportunity structure for independence to follow from devolution. This paper will examine the contrasting strategies of Labour and the SNP towards secession as well as their discourses on the issue. It will argue that the discourse over secession has been fundamentally altered by the constraints of devolution and by a reinterpretation of the prospects for independence by the SNP leadership. Rather than focus simply on the costs or benefits of secession as it did in the 1990s, the SNP has sought to recast the independence debate to focus on the costs of membership of the Union. Indeed, as the simple cost/benefit argument over secession has been fought to a standstill, there was a clear logic on moving onto new, post-devolution political ground. Thus, the economic inadequacies of the devolved Union have begun to take primacy over

the benefits of secession in a rebalancing of Nationalist strategy. Whether this is a strategy that will succeed is open to question, but its adoption has long-term consequences for the SNP as it moves towards positive sum bargaining over independence and away from an all-or-nothing choice, indicative of the fact that it cannot succeed through emphasising the benefits of secession alone. Labour, by contrast, has retained its primary focus on the costs of secession, but there are signs that it has begun to prepare a defence of the positive benefits of the Union as will be explained below.

Scotland – the Next Quebec?

Though nationalism and regionalism are global political forces, it is acutely difficult to find convincing contemporary examples of secessionist movements within Western democracies. At the political extremes, Herri Batasuna in the Basque Country and Sinn Fein in Northern Ireland can be understood as active secessionists who mix electoral efforts with calculated levels of political violence. However, amongst mainstream nationalist and regionalist movements in the West, few serious secessionists exist. Besides Quebec, Scotland is the most obvious example. Whilst Quebec has enjoyed institutional autonomy with the Canadian federation for decades, Scottish autonomy within the UK is a relatively new situation which has obtained since the creation of the Scottish Parliament in July 1999. Though Quebec and Scotland have many historical and institutional differences, what they share is the combination of a mobilised nationalist movement that seeks to use institutional means to hold a referendum on secession. Moreover, it is not just the issue of an independence referendum which is a common factor, but also the nature of political debate over the costs and benefits of independence which has been played out between various parties and governments, especially in the case of the two Quebec referendums in 1980 and 1995. On each of those occasions, concerns over the socio-economic cost/benefit of secession led nationalists to offer sovereignty-association in 1980 followed by ‘a new economic and political partnership’ with the rest of Canada in 1995 (Crête 1996). Of course, such ambiguities were what led to the Supreme Court decision on the secession of Quebec in 1998 and the Federal Government’s Clarity Act of 1999. However, they also indicated the difficulties in arguing for straight secession and the need to recognise the economic dimension to

secession, especially for Yes campaigners. Such obstacles certainly obtain in Scotland, with arguments over the economic costs/benefits of secession for over a decade, best exemplified by Labour's 1998-9 campaign slogan 'divorce is an expensive business'.²

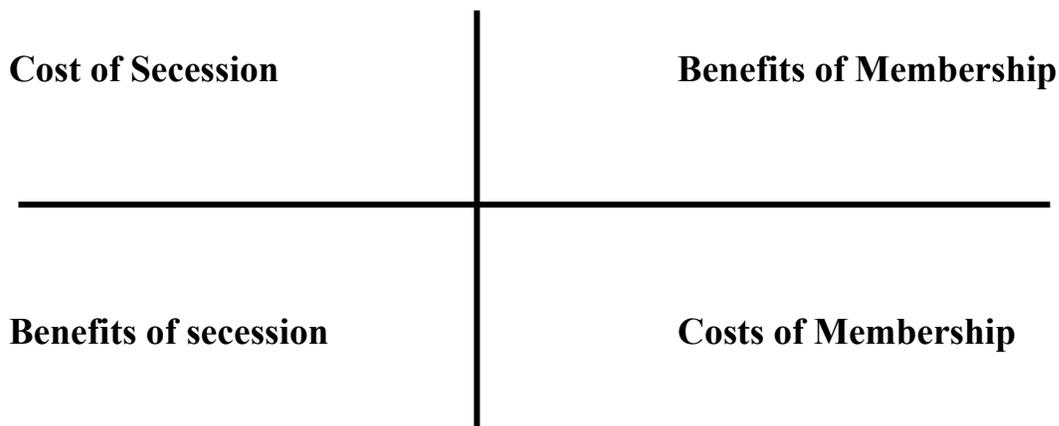
Quebec is obviously much further along the road to secession than Scotland - two referendums to none make that abundantly clear. However, the issue of Scottish independence has remained salient, because of devolution rather than in spite of it. Whilst support for the SNP and for independence has remained relatively static in recent years, and even took a downturn at the 2003 Scottish election (like Quebec), there has been support for more devolution in Scotland, in terms of more powers and functions for the devolved government, including taxation powers. Whilst the Labour government which instituted devolution across the UK from 1999 onwards was keen to portray Scottish devolution as 'the settled will of the Scottish people', the public has not shared this static vision of the Scotland Act 1998. Indeed, public support for greater measures of Scottish autonomy has been one of the unintended consequences of the current devolution settlement - 70% supported financial powers for the parliament in August 2002 (*The Herald/System 3*: August 2002). Independence may not have been given a boost by devolution, as yet, but positive public attitudes to increases in devolution might provide fertile ground for the Nationalists and their gradualist strategy towards independence.

A Simple Cost/Benefit Approach to Secession/Membership

Writing in 1999, Bartkus proposed a fourfold typology of secession, which sought to focus on the different variables that would influence a population to support or reject secession. These paired variables were: the costs of secession, the benefits of secession, the costs of membership of the existing state and the benefits of membership of the existing state (Bartkus 1999: 4). These categories have a tendency to overlap and change over time, but they do offer a coherent framework for analysing partisan attempts to promote/deflect demands for secession. Indeed, what is striking from consideration of the efforts of the SNP and Labour in Scotland is that Bartkus's fourfold typology makes empirical sense - party strategies can be effectively operationalised in line with these four categories (see table 1). However, as will be argued below, it is not simply that we

can identify examples of these four different categories, but rather that they form distinct party strategies to deal with secession. Moreover, the balance of strategies has changed, particularly in the case of the SNP. Rather than simply promote the benefits of secession, which left it locked into static economic debates on the annual level of public expenditure in Scotland versus economic performance, the SNP has moved to focus much more on the costs of membership of the UK Union since the establishment of the Scottish Parliament in 1999. Whether, this strategic reorientation is effective in mobilising electoral support is a moot point, however, it has led both the SNP and the other political parties in Scotland to address a new political and socio-economic agenda over the issue of secession which coincides more with public opinion.

Table 1. Simple Cost/Benefit Model of Secession (Bartkus 1999).



The Benefits of Secession

The Scottish National Party has made a variety of claims about the benefits of secession over the years, though often such claims have been unspecific. The party stressed the policy autonomy that would come with independence, as a Scottish government was free to make decisions on land reform, the economy, fishing, housing, etc., that were not constrained by Westminster policy preferences or by UK government decisions. To give two entirely contrasting examples of this phenomenon, in the 1960s and 1970s the SNP complained that the UK was dragging Scotland into membership of the European Economic Community against its will. Independence would have prevented this from

happening. Late in the 1990s, the SNP claimed that the UK government was denying Scots the economic benefits of the Euro by refusing to hold a referendum on the issue: a practice which independence would allow. Sometimes, the benefits of secession were couched in defensive terms to emphasise that independence was a clear escape route from unpopular UK policies such as the industrial closures and economic recession of the early 1980s or the poll tax introduced in Scotland by Mrs Thatcher's Conservative administration in 1989. Long-term economic decline, especially amongst traditional industries and subsequent emigration from Scotland, were also prominent SNP arguments to promote independence in the 1960s (Simpson 1969) and have resurfaced in the post-devolution period (see below).

Demonstrating the benefits of secession to a sceptical electorate was transformed in the 1970s by the discovery of North Sea oil. The SNP had begun to research the potential impact of oil on the Scottish economy in the late 1960s. The party's research officer had studied the economic benefits of oil development in Canada, with reference to Alberta in particular. The SNP gathered a considerable amount of statistical data in the field of oil and oil development, which was actually held to be superior to the UK government and some of the oil companies themselves. SNP estimates and projections of oil deposits in the North Sea, along with future oil revenues and economic development associated with oil, became regular features of media coverage, especially as the SNP focused on the economics of independence. As the party's research officer argued in 1972, 'arguments in financial terms against self-government are going to lack credibility in future when Scotland's oil resources are recognised as of such immense economic magnitude as to put the advantages of independence beyond doubt.'³ Oil revenue was seen to generate in excess of £1 billion per annum in taxation to a Scottish government, with the money used to expand the Scottish economy and fund public services. In fact, UK government statistics revealed that oil generated £2.3 billion in total revenues in 1979/80, rising to a peak of £12.1 billion in 1984/85, before falling back to £2.6 billion in 1999/2000 (Department of Trade and Industry 2002). In addition, economic development associated directly with oil was seen to produce high levels of employment and economic activity – which became a reality across Aberdeen and the North East of Scotland. For example,

government figures estimated that there were a total of 49,610 direct full-time jobs in the oil industry in Scotland by 1981, compared to only 5,290 in 1973 (McNicoll 1983:230). Moreover, it was estimated that there were 16,500 partially related oil jobs in Scotland in 1981, rising to 20,500 in 1983 (Mackay 1984: 336). Of course, when oil revenues fell in the 1990s, to around £1 billion a year, the SNP's opponents were keen to point out that there was insufficient revenue to finance the SNP's independence programme. A fluctuating oil price and reduced revenues certainly made it difficult for the SNP to use oil as the magic ingredient for an economically successful Scottish state – as opponents claimed that annual fiscal deficits would result.

For the SNP, nothing has ever replaced oil in its economic case for independence. The nearest policy with a similar impact was the decision to support independent Scottish membership of the European Community in 1988. This policy was political rather than economic, but did have an economic dimension through access to the single European market and the structural funds (specifically the SNP's involvement in the campaign to achieve objective 1 ERDF status for the Highlands and Islands region of Scotland). The main thrust of independence in Europe was in providing a convincing external support system for independence. EU membership would mean that Scotland would not face economic or political isolation with independence. As the former party leader, Gordon Wilson stated 'within the common trading umbrella, the move to independence can take place smoothly and easily.'⁴ Of course, this policy itself provoked negative responses from political opponents, who questioned whether Scotland would be accepted as an independent member of the EU. Despite some legal opinion on this issue, the question rumbles on, especially given the difficulty of determining which is the successor state in the EU – Scotland or the rUK – and which would have to negotiate/re negotiate membership of the EU (Murkens et al 2002: 115-27).

Promoting the benefits of secession has always been difficult for the SNP. The party produced a series of budgets and economic projections of economic performance under independence (SNP 1995), even using the macro-economic model used by the UK Treasury. However it is extremely difficult to determine how Scotland would perform

under independence, though economic boost to the economy of establishing a new state was seen to bring benefits (SNP 1995a). But, herein lies the SNP's problem. It is promoting a positive vision of the economic future, which is a fairly easy target for its opponents to seize upon. Moreover, even if the SNP was able to lead an army of economists towards predicting an economically successful Scotland, it would still need to face the economic uncertainties of the transition to independence, trading relations with the rUK, currency stability, etc. The ability of successive UK governments to undermine the SNP's positive predictions of independence with tax-spending budgets has also dented SNP efforts (see below), which partly explains why the SNP has move away from purely promoting the benefits of secession in orthodox cost-benefit terms.

The Costs of Secession

Political opponents of secession have had a relatively easy time over generating a negative discourse over the costs of secession. In the late 1980s, Conservative politicians began to portray Scotland as suffering from a 'dependency culture', due to its support for Labour and for public services. Such depictions were unwise given the unpopularity of the Conservatives in Scotland, but were exploited by the party's backbenchers at Westminster who were keen to launch attacks on Scotland as a nation of 'subsidy junkies', reliant on levels of public expenditure well above UK norms (Mitchell 1990). This type of criticism brought a response from the SNP, who undertook economic analyses to determine the high levels of public expenditure across the prosperous South East of England, especially 'hidden' expenditure on defence, transport and mortgage tax relief. The media eagerly took up each of these themes, with newspapers producing their own analysis of Scotland's fiscal position within the UK and several special TV programmes broadcast over the issue.

Whilst neutral data on the economic costs or benefits of secession are lacking, successive UK governments have sought to produce analyses of Scotland's fiscal position within the UK as well as its share of public expenditure. Initially, Conservative Ministers instituted a series of annual *Government Expenditure and Revenue Surveys* in 1992 to demonstrate how well Scotland did within the Union. The political message was that such benefits

would be damaged by both independence and devolution. Under subsequent Labour administrations at Westminster and in Scotland, the GERS exercises were continued to demonstrate the damage that independence would inflict upon levels of public spending and taxation in Scotland: the fiscal core of the argument over divorce as an expensive business. Each annual GERS publication demonstrated that identifiable public expenditure in Scotland exceeded revenue, with a mean fiscal deficit of £5.15 billion from 1996-2000 (Goudie 2002: 77) and every other year. This situation produced a continuous structural fiscal deficit in Scotland that would cause problems for any post-independence government. It would be faced with the choice of either reducing the levels of public expenditure in Scotland, which would be politically unpopular or increasing levels of taxation in Scotland to plug the gap which would also prove unpopular. The SNP responded to these claims through its own economic analysis of government expenditure and revenue and seeking to illustrate that Scotland was actually a net contributor to the UK exchequer (SNP 1996, 1998), particularly due to oil, and that there were special government subsidies to London and the Southeast of England. Of course, if Scotland is so dependent on public expenditure from the rUK taxpayer, it does raise the question of why the rUK does not divorce Scotland. It also begs the question of why successive UK governments have presided over economic failure in Scotland. There is also a suggestion that unless the gap between revenue and spending remains negative, then there might be a time when Scotland can afford to become independent due to economic success.

Besides the annual GERS exercise, focusing directly on the set-up costs of a new state has also been popular line adopted by Unionists. The costs of establishing a governmental capacity in defence and foreign affairs have been highlighted, especially in relation to additional expenditures needed to fund defence forces, embassies and consulates. Furthermore, the need to create a new taxation and social security system for Scotland would necessitate further costs, as would the need to fund a replacement public service to the BBC (Brown and Alexander 1999: 42). All of these start-up costs would be rendered problematic by the lack of fiscal surpluses within Scotland – structural deficits would

generate either spending cuts that would damage public services and undermine secession or necessitate increased levels of personal and business taxation.

The Costs of Membership

The period since 1999 has seen a considerable repositioning of the SNP on the issue of independence. Rather than seek to concentrate solely on portraying the benefits of secession, the SNP has refocused its independence strategy to attack the costs of membership of the devolved UK Union. This new approach has not only allowed the SNP to develop a means to escape the static annual arguments over GERS and the cost/benefit of secession – which it could never win - it has allowed the SNP to adopt a more constructive approach to devolution. This approach enables it to appeal to a variety of political and economic elites as well as political opponents to build a coalition of support for more fiscal and economic powers for the Scottish Parliament to improve upon devolution incrementally rather than take a great leap forward to independence.

In 2001, the SNP began to campaign on the issue of fiscal autonomy for the devolved Scottish Parliament. The issue itself has a number of facets. First, there is the fact that the Scottish Parliament has extremely limited fiscal powers. The only overt tax power of the parliament is the so-called ‘tartan tax’, which enables the parliament to vary the basic rate of income tax by a maximum of 3%. If the full 3% was levied in 2002-3, it is estimated that an additional £690 million would be added to a budget of £20.9 billion (Bell and Christie 2002: 122): not a particularly decisive amount. The UK government, by contrast, has over 200 fiscal powers ranging from corporation tax and sin taxes on alcohol and tobacco to VAT (sales tax), air passenger tax and petroleum tax revenue. Central government’s room for fiscal manoeuvre, with consequent effects on economic performance, are vastly superior to those enjoyed by the Scottish Parliament. Besides the tartan tax, the parliament’s only other fiscal powers involve altering the level of local taxation paid by business and changing the budgetary settlement for Scottish local government. If it reduced the level of grant support for local authorities to allocate more funds to health or education, local taxation rises would result. One power the parliament

lacked, was that over borrowing. Local authorities in England can borrow for capital investment projects but the Scottish Parliament cannot, even though such powers are to be given to the Northern Ireland Assembly in 2004 (Wilford and Wilson 2003:105) and to any future regional assemblies in the English regions (ODPM 2002). Scotland is left to us the controversial – and expensive – Public-Private Partnership programmes to finance capital investment.

Second, proponents of fiscal autonomy argue that the parliament's fiscal capacity is so weak that it prevents the devolved institutions from addressing fundamental long-term problems in the Scottish economy. In 2001-2, senior figures in the SNP's economics team toured major Scottish institutions, businesses and the media with a new analysis of the long-term and structural flaws in Scottish economic performance, which devolution could not address let alone resolve because of a lack of fiscal and economic powers. The SNP identified low growth as one of the main underlying economic difficulties, with consequent negative effects on business creation, lower tax revenues, weakened public services, lower wages, limited employment opportunities, etc. The SNP's fundamental point here was that the Scottish economy suffered from a range of fundamental problems that generated social and political costs, which only Westminster had the capacity to address. However, the socio-economic and electoral make-up of the UK and the UK government's need to act in the national economic interest would mean that the Scottish economy would continue to stagnate and underperform. For example, any economic stimulus such as cutting corporation tax to boost business growth and investment is not permissible under devolution. Similarly, high fuel prices and transport costs could not be addressed, nor could lack of research and development investment (Business for Scotland 2002).

Third, in making a case for fiscal powers for the Scottish Parliament, the SNP is playing a positive game of coalition building towards other political parties and the public: which is especially important given the multi-party nature of devolved Scotland. The party has identified a major constraint of the devolution settlement, yet is offering a solution that is not an absolute and can attract external supporters. Whilst the SNP is firm in its

constitutional preference of independence, fiscal autonomy can involve intermediate transfers of tax and economic powers to the Scottish Parliament rather than secession. It is essentially proposing a bargainable commodity that can be negotiated with the UK government or with coalition partners in the Scottish Executive, as part of a gradualist strategy to extend devolution by stages rather than simply propose independence through a referendum. Most of the other political parties, business organisations and the media understand the low growth and structural problems of the Scottish economy and the lack of fiscal autonomy of the parliament to address it. They understand that there is a serious case to answer, rather than one that can be simply swept aside. For example, the Scottish Conservatives proposed a Royal Commission on the fiscal powers of the parliament, whilst Scottish Labour placed the issue of ‘growing the Scottish economy’ at the heart of its manifesto for the 2003 Scottish elections (Scottish Labour 2003). Moreover, the idea of extending the powers of the Scottish Parliament is one that has gained public support in a number of opinion polls. For example, one poll found that 67% thought the Scottish Executive should be responsible for setting taxes in Scotland (*Scotland on Sunday*, 18th February 2001), whilst another poll found that 62% supported more power for the parliament with 58% supporting the transfer of taxation powers (*Sunday Herald*, 11th March 2001).

The fiscal autonomy issue has not fallen on deaf ears in Scotland. The topic gained support within the academic community, not least amongst economists, and has been subject to a fair amount of media attention. At the 2001 Westminster election, 12 leading economists expressed their support for fiscal autonomy,⁵ with a special issue of the journal, *Scottish Affairs*, dealing with fiscal autonomy in the autumn of 2002.⁶ In terms of the main political parties, and their discourses over secession, the fiscal autonomy issue has allowed the SNP to emphasise the costs of membership of the UK Union through identifying chronic low growth accompanied by weak devolution as the main problems effecting the Scottish economy. Moreover, the party has been able to turn this negative critique into a positive argument for change – which focuses pragmatically on more powers for the devolved parliament as well as the ultimate step of devolution. The fiscal autonomy policy also provoked a defensive response from Scottish Labour. Painting the

SNP as solely interested in ‘divorce’ and focusing solely on the costs of secession was no longer as effective as the SNP had shifted its stance. Instead of attacking the SNP, Labour now had to defend its own stewardship of the economy - which was delivering low growth – as well as the economic powers of the devolution scheme it had established with the Scotland Act 1998. Finally, Labour’s difficulties over fiscal autonomy were compounded by the resignation of one of its leading figures in the Scottish Executive, Enterprise Minister Wendy Alexander, in 2002, because of the lack of economic direction of the devolved government. Though the Scottish Executive achieved a degree of political consensus over its micro-economic policy for Scotland (Scottish Executive 2001), that the SNP supported, the Executive lacks any macro-economic powers, which is the kernel of the fiscal autonomy argument. Thus, without improving the powers of the Scottish Parliament it’s difficult to see how Labour or the Executive can effectively address the problem of low economic growth in Scotland.

Whilst fiscal autonomy has been the positive aspect to the SNP’s efforts to outline the costs of membership of the UK Union, it has also focused on the future funding of the block grant from Westminster. At present, the totality of the Scottish Parliament’s budget is funded by a block grant from Westminster. This block grant is determined incrementally, using the previous year’s budget, supplemented by an annual increase calculated by the Barnett formula. Barnett uses a population-based formula that will allocate Scotland with 10.66% of the increase in English spending on areas such as health, education and local government. However, since devolution, debate has centred on the issue of a ‘Barnett squeeze’. In 1998, the UK Treasury altered the Barnett arrangements, with negative consequences for public finance in Scotland. Instead of using the 10.66% formula, the Scottish share of increases in English domestic spending was to be recalculated on an annual basis to take account of Scotland’s declining population. This change was estimated to bring about a gradual squeeze on the Scottish block grant, with growth in the block grant limited and significantly beneath the increase in England (Kay 1998). However, the impact of the Barnett squeeze was effectively masked by increases in the block grant which came from the Treasury’s Comprehensive Spending Review, carried out on two occasions since 1997. The substantial increases in

public spending through the spending review blunted any criticism of the block grant from 1999-2003 because it was delivering £1 billion increases in Scottish spending – and was therefore promoted by Labour as one of the benefits of membership of the Union.

However, the difficulty with both fiscal autonomy and the Barnett squeeze is that they are abstract political issues. They are too obscure for the public to understand or become particularly concerned with. Moreover, the projected growth in Scottish public expenditure over the next 3 years means that neither issue has much political relevance as the public sector gains more resources and there are no pressures for cuts in public spending or services. Basing a campaign for independence around abstract fiscal issues at a time of growing public spending is not a strategy likely to succeed in the short-term, though building a longer term coalition for more powers for the Scottish parliament would seem to be the SNP's goal here. In the meantime, finding language and concepts to popularise the issue of fiscal autonomy remains a major challenge.

The Benefits of Membership

Whilst focusing on the costs of secession has been the predominant approach developed by Unionists, there has been some attempt to develop a more positive approach that identifies the benefits of membership of the UK Union. Examining the benefits of the Union in financial terms has remained important to arguments about the benefits of the Union, but other arguments have been deployed too, most notably in a paper produced by Labour Chancellor of the Exchequer, Gordon Brown and a Westminster colleague, Douglas Alexander.⁷ Indeed, Labour has made devolution itself central to the argument over the benefits of the Union, arguing that Scotland's political and economic difficulties were facets of the unreformed Union which existed before 1999, with devolution solving the 'national question' and rendering independence unnecessary. For Labour, devolution and extensive constitutional modernisation since 1997 are the answers to the crisis of the British State which generated nationalism in the first place (Brown and Alexander 1999: 29). Such reforms were not merely institutional but also about a rediscovery of shared identities within the UK and of shared institutions such as the National Health Service.

Three further positive arguments have been advanced in relation to the benefits of membership. First, there is a values argument, which expresses the view that Scottish and British values are largely similar rather than in conflict. Common values about public services, democracy, internationalism, the economy, etc., are seen of indicative of the fact that Britain has shared values on both sides of the border. Devolution has allowed policy differences to be accommodated, whilst enabling wider common interests and policies to be pursued. Second, Labour has sought to make a virtue of co-operation within the UK between different nations and governments, both domestically, in the European Union and internationally. Each aspect of co-operation is supported by the reality of globalisation and interdependence – neatly counter-posed to independence and isolation. Third, identity politics itself is placed in a new framework. Rather than focus on Scotland within the UK, Labour has sought to place Scotland as ‘leading the democratic renewal of Britain as a multicultural, multiethnic and multinational country.’ (Brown and Alexander 1999: 4). This argument is expanded to take account of the multiple identities of Scots as Scottish, British and European, rather than their exclusive identities as Scots and connects back to values. As Brown and Alexander (1999: 47) state, ‘there is and always has been more to Scottish politics than identity politics. Solidarity – and working together – offers Scotland more than separation – and splitting ourselves apart. That is why a politics based on the expansive vision of social justice will defeat the narrow divisiveness of Nationalism.’

Conclusion

Devolution may not have led to an increase in support for independence in Scotland but, despite this, the constitutional issue has not faded away. Indeed, whilst the 2003 Scottish election may not have given great encouragement to the SNP in terms of the outcome, the development of the post-devolution constitutional debate does. The SNP’s decision to campaign on the issue of fiscal autonomy is one sign of its determination to adjust to devolution and a move which was indicative of its new emphasis on the costs of membership of the Union rather than on the benefits of independence. However, whilst the fiscal autonomy issue has received elite and public support in opinion polls, the SNP

has as yet failed to turn this into a vote-winning issue. Whilst the SNP has altered its discourse to promote an intermediate position between devolution and independence, Labour has begun to shift its emphasis from solely concentrating on the costs of secession to beginning to fashion an argument about the benefits of Scotland remaining in the Union. Of course, for Labour, the pressure to change is less than the SNP. The SNP's efforts to promote the benefits of secession have been unsuccessful, but Labour's 'divorce is an expensive business' campaign has succeeded, so much so that it could conceivably repeat this tactic at every election. Despite, this, Labour's has begun to talk of Scotland in the UK in positive terms, so its discourse has changed too. The question is whether these changing debates will resonate with the public or have long-term consequences for the practice of devolution. At their ultimate, these debates could be carried out full-scale during an independence referendum, even though this currently appears extremely likely, which is perhaps why the SNP's gradualist approach to promote fiscal autonomy is a wise strategy in the short to medium term.

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1. Out of nowhere, the nuts and bolts of an independence referendum and the specific issue of the constitutional legality of an independence referendum became a prominent topic during the 2003 Scottish election campaign – due to Labour’s attack on the issue.
 2. Labour reprised this issue in 2003, with a leaflet during the campaign in the shape of an invoice ‘cost of break-up of 1 United Kingdom - £6 billion’.
 3. Donald Bain, *The Scots Independent*, April 1972, p.2.
 4. *Glasgow Herald*, 1st October 1983.
 5. They published a letter in support of fiscal autonomy in *The Scotsman*, 21st May 2001.
 6. Other supporters of the principle of fiscal autonomy included the former speaker of the Scottish Parliament., David Steel, and *Scotland on Sunday* newspaper. The Scottish Council for Development and Industry, a prominent business organisation, called for an independent study into fiscal autonomy.
 7. Arguably, this is the first publication from Labour on secession since the early 1970s.