

# A UNION OF EQUALS

A Blueprint for a new and equitable Union between  
England and Scotland

By

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*“The latest Ipsos Mori poll found that 59% of Scottish Voters want two referendum questions ... so the majority of Scots who currently favour a constitutional halfway house will have no clear way to register that preference with a single “clarity-creating” question”, (Riddoch, 2012)*

*“What is exceptionally troubling about the situation that appears to be developing is that debate could be stifled and the people of Scotland may not be provided with the opportunity to consider and debate all the options that are available to them. This is a dangerous game for all parties to be playing as there appears to be a growing groundswell of public opinion in Scotland that wishes to see a more open and extensive debate take place. Many people in Scotland wish to consider a wider range of options than just the two that some politicians wish to offer, the current Union or independence. There appears to be a real danger that politicians will hijack the debate and ignore the wishes of the people who will be impacted by its conclusions”*

*“It will be a Union that satisfies the desire of most Scots who wish for full independent control over their own affairs, whilst also meeting the desire of those who wish to maintain a Union between England and Scotland”*

## ***The Referendum on Scottish Independence is Driving the Need for Radical Change to the Relationship between England and Scotland***

### ***The Union between England and Scotland is not fit for purpose***

*The Union is broken. It has virtually no impact on the people of England and it is of no importance to them; it is irrelevant. The effect of the Union on Scotland has been much more profound. It has had a devastating impact on Scottish development and the health of the Scottish economy; it has led to a steady decline in prosperity for the people of Scotland; it has provided Scotland with little long term value.*

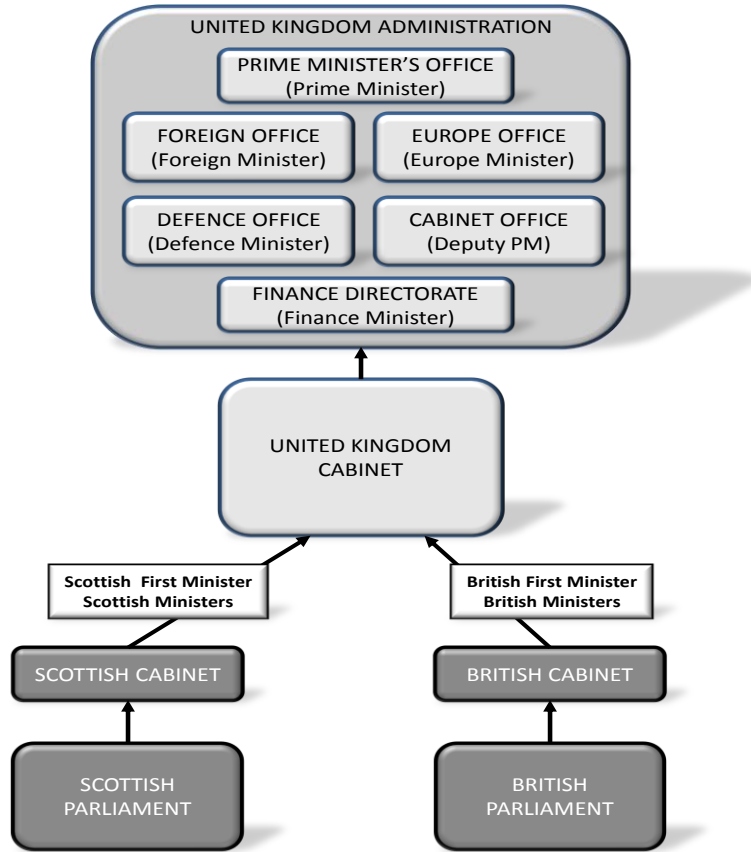
### ***Radical change is necessary if the Union is to be preserved***

*Independence is the obvious solution to these problems for many Scots; however, many other people believe that the Union is worth preserving. In order to meet both desires, radical change is necessary. This radical change will not be achieved by simply devolving more powers to Scotland; rather, a substantial re-balancing of power between England and Scotland is required.*

### ***A new Union is required - a Union of Equals***

*This radical change should take the form of a new and equitable Union between England and Scotland in which both partners will have an equal voice. It will be a Union that satisfies the desire of most Scots who wish for full independent control over their own affairs, whilst also meeting the desire of those who wish to maintain a Union between England and Scotland. There will be clearly defined national powers and unified powers. Each nation will have full control over its own national affairs, and each nation will have joint and equal control over unified affairs. It will be an innovative Union built on tried and tested frameworks of government. It will be a Union fit for the 21<sup>st</sup> century and beyond, it will be a Union of Equals.*

*Proposed Structure for United Kingdom Government in a new Union between England and Scotland*



*The Key Elements of the New Union*

- |                                                                                                |                                                                                           |
|------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| A new and equitable Union between England and Scotland                                         | A Union based on fairness and equality; both partners will have an equal voice            |
| A Union that will satisfy the desire of most Scots who wish for control over their own affairs | A Union that will satisfy those who wish to maintain a Union between England and Scotland |
| Each nation will have full control over its own national policy and legislation                | Two national parliaments that will approve all unified legislation                        |
| Unified Defence, Foreign, and European policies and legislation                                | A United Kingdom Cabinet divorced from the lifecycle of national parliaments              |
| A Union built on frameworks of government established in the European Union                    | A Union that could be extended to include all the nations of the UK                       |
| The answer to the West Lothian question                                                        | The end of contentious block grant funding for Scotland                                   |

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*Blueprint – a high level plan of action; a plan  
for doing something new*



## **THE SCOTTISH INDEPENDENCE REFERENDUM IS DRIVING THE NEED FOR RADICAL CHANGE TO THE REALTIONSHIP BETWEEN ENGLAND AND SCOTLAND**

In July 1705 the Earl of Mar proposed to the Scottish Parliament an act for a treaty of Union with England (Fry, 2006). In presenting this draft treaty, Mar stressed that the negotiation would be between equals, the two independent kingdoms of England and Scotland. Sadly, the Union that resulted in 1707 was far from being a union of equals, it was a very inequitable agreement that saw all power and influence move to England. The Acts of Union of 1707 were thrust upon England and Scotland by the political elite of both nations. The people of the two nations were not consulted and their views were not taken into account. In England the public reaction was generally favourable to the Union, but in Scotland it caused great unrest and disaffection, many Scots considered it to be an act of treachery. The referendum proposed for 2014 will be the first public consultation that has ever been held on the Union, it will be the first time in the three hundred year history of the Union that all the people of Scotland will be able to voice their opinion on it.

Like most marriages the Union between England and Scotland has had its ups and downs, there have been successes and there have also been failures. Today, however, the marriage faces, in the form of an impending referendum on Scottish independence, one of its greatest challenges and divorce is a very possible outcome.

The Scottish Government, as a result of its overwhelming victory in the 2011 election, has been provided with a mandate to hold a referendum on Scotland's future during the lifetime of the current Scottish parliament. The Scottish Government believes that having been provided with the mandate from the people of Scotland it has the moral authority to shape the referendum. However, the UK Government, and Scottish unionists, argue that the Scottish Government does not have the legal authority to hold a referendum and they are determined that their views and opinions will be taken into account in this matter. What is exceptionally troubling about the situation that appears to be developing is that debate could be stifled and the people of Scotland may not be provided with the opportunity to consider and debate all the options that are available to them. This is a dangerous game for all parties to be playing as there appears to be a growing groundswell of public opinion in Scotland that wishes to see a more open and extensive debate take place. Many people in Scotland wish to consider a wider range of options than just the two that many politicians wish to offer, the current Union or independence. There appears to be a real danger that politicians will hijack the debate and ignore the wishes of the people who will be impacted by its conclusions.

Alternative options to full independence have already been suggested. Prominent amongst these alternatives is full devolution or Devolution Max (Devo Max). This option is based on the Westminster parliament devolving more, yet to be determined, power to the Scottish Parliament. However, a fundamental problem with Devo Max is that many of the inequities that exist in the current Union will persist with this option. If an equitable Union is to be established between England and Scotland then a solution that is much more radical than Devo Max is required. This Blueprint proposes such a solution, this Blueprint proposes a new confederated Union between England and Scotland. This confederated Union will not be created by more powers being

devolved from Westminster to Edinburgh, this confederated Union will be built by two nations of equal standing working together in partnership.

## **Scottish independence is a very possible outcome from the impending referendum**

There has been a view expressed regularly by the unionist camp that that the majority of Scots believe in their hearts that maintaining a union with England is the option they prefer. This is a very shoogle peg for unionists to hang their coats on. It is much more likely that the hearts of the vast majority of Scots yearn for independence, but being canny people, who can recognise the security and supposed financial benefits of the current union, they overrule these yearnings with the rational arguments in their heads. These Scots currently prefer the Union because it is the easy and comfortable option. However, the wind of change that is now blowing through Scotland could easily alter these opinions.

For most people in England the Union with Scotland is of little importance. It does not impact their lives on a daily basis and it has never had any great effect on their way of life. However, devolution has brought the Union into higher prominence in England, especially with issues such as the West Lothian question (Scots MP's voting on purely English matters), and the apparently generous financial arrangements that the Scots receive from the Westminster government. By and large though, for most English people, these are minor irritants.

In Scotland, however, the Union with England has had much greater significance and Scots are much more aware of its impact on their lives. One critical impact is that for many Scots the current Union simply does not meet their aspirations for nationhood. For many of these Scots the obvious solution is to support the nationalist cause and push for full independence. However, there are many other Scots who, whilst nurturing the dream of an independent Scotland in their hearts, are unable to reconcile this idea in their heads. For these Scots, even though they believe the current Union is inadequate and wish to see change, full independence is an option they are not prepared to support today. These are the sceptical patriots; the sceptical patriots are ruled by their heads not their hearts. For all parties in the Scottish independence debate the opinion of the sceptical patriots is critical. These are the people who will eventually swing the result of the debate one way or another.

The objective for nationalists is simple, the sceptical patriots must be convinced that independence is a sensible and achievable road for Scotland to take. Solid economic arguments, as well as appeals to the patriotic heart, will be required if this is to be achieved. The knowledge and experience that has been gained from the independence of many other small European nations over the last twenty years will also need to be brought to bear in this debate. If nationalists can provide the solid arguments required to support their case, the sceptical patriots could well be persuaded to support the cause of independence. For nationalists, the objective is to bring the heads of the sceptical patriots into alignment with their hearts. If this can be achieved, the game will be up for the unionists and independence will be attained.

For unionists, the objective is to persuade the sceptical patriots that remaining in a Union with England is the most sensible course of action. However, the challenge for unionists is that the status quo, the current Union treaty, is no longer considered to be an acceptable agreement by a large number of Scots. Many Scots, including many sceptical patriots, wish to see change. For too long now the unionist arguments have been negative, scaremongering, and based on

instilling the fear into Scots that Scotland is weak and incapable of sustaining itself in the world. “*Stronger together, weaker apart*” appears to be the favourite scaremongering slogan today. The thrust of this slogan is clearly aimed at Scots; “*Scotland will be weaker if the Union does not continue*”, is the doom laden message. Unfortunately for unionists, the events of the latter end of the twentieth century have completely undermined this type of argument, as one small European nation after another has stepped up to the challenge of independence and has succeeded. How many of the new nations that have emerged in the last twenty years have ended up being “*weaker*” than they were before? If unionists really wish to win the argument for maintaining a Union between England and Scotland the time has now come for them to embrace radical positive policies that can convince all Scots, but particularly the sceptical patriots, that there is value in maintaining a union with England.

The growing desire for change in Scotland presents unionists with a dilemma. Should they attempt to defend the current inequitable Union using the scaremongering tactics of the past? Can Scottish unionists really look their countrymen in the eye today and argue that the current Union is a good deal for Scotland? Or could this now be the time for unionists to admit to the failures of the past and embrace the cause for radical change? Is it not time that unionists themselves proposed a new union between England and Scotland? This is a critical decision for unionists and one that they must get right. As Hazell (2009) argues, “*for the first time the Union is perceived to be in danger; but the danger to the Union lies more from within, from clumsy defence by unionists, than from the challenges from the nationalists without*”. The clumsiest defence that unionists could undertake heading towards the Scottish independence referendum would be to defend the current inequitable Union.

The fundamental problem for unionists is that the desire for Scottish independence will not disappear, it will continue, it will endure. Even if independence is rejected in the referendum planned for 2014 the drive for independence will not be abated. For over three hundred years the desire for an independent Scotland has burnt in the heart of very many Scots. This desire will still be burning brightly three hundred years from now if independence has still not been achieved. For unionists the message is really quite simple, the “*do nothing*” option will never succeed, radical change is required or eventually the drive for Scottish independence will prevail. There is simply no point in unionists burying their heads in the sand any longer trying to convince themselves, and others, that the current Union is a viable solution for the future.

## THE UNION HAS DAMAGED SCOTLAND'S DEVELOPMENT AND PROSPERITY

What was the purpose of the Union in the first place? It would be nice if the achievement of some well-meaning objective that was beneficial to both nations had been the purpose. However, history suggests that this was just not the case. For England, the primary purpose of the Union was quite straightforward; it was to achieve a long sought after objective of subduing and controlling Scotland. This purpose eclipsed all others for England. It had been the desire of English ministers for many years to “*keep Scotland quiet and subservient*” (Ferguson, 1987) and the Union treaty provided the perfect opportunity to achieve this. A secondary purpose for England was to secure the Hanoverian succession, which in the early 18<sup>th</sup> century was a very contentious issue between England and Scotland. The Scottish Parliament had repeatedly refused to agree to this succession, insisting that Scotland was free to choose its own monarch following the death of Queen Anne. England finally overcame this challenge by insisting that an Article should be inserted into the Union treaty that would bind both nations to the Hanoverian succession.

For Scotland the purpose of the Union was less clear cut. For some its purpose was to re-gain financial stability following the financial disaster of Darien (Fry, 2006; Ferguson, 1987), and there were hopes of funding being obtained from the English treasury. For many of the Scottish political elite who supported the Union, some of whom Ferguson (1989) suggests “*were frankly on the make*”, the only purpose appears to have been to enhance their personal wealth and power. These were the people Robert Burns (1791) described as being “*a parcel of rogues*”. For the Scottish Presbyterians, the Union offered security and stability for the Church of Scotland which was under the constant threat of Catholicism in the shape of a Stewart restoration. Above all of these reasons, however, the key purpose appears to have been that the Union would provide Scotland with access to English trade and the trade routes that England was opening up to America and the East. The topic of gaining access to this trade was debated regularly in the Scottish Parliament in relation to the Hanoverian succession as well as to the Union treaty. The need to develop the Scottish economy was an urgent and pressing matter and the Union offered a solution to the problem, but at a high price. As Herman (2001) described the situation, “*Union was indeed a Devils bargain ... Scots were being asked to exchange their political autonomy for economic growth, or to put it more crudely, for money*”.

### **The Union was an immediate success for England but it has provided little long term value to Scotland**

It can, without any doubt, be claimed that for England the Union has been a resounding success. Scotland was subdued, the Hanoverian succession was assured, and control over the entire mainland British Isle was attained. Having obtained the success it was seeking, England then generally ignored Scotland and moved on to other matters. For England nothing really changed, on 24<sup>th</sup> April 1707 the English parliament at Westminster was prorogued and on 23<sup>rd</sup> October it re-convened with a new name, the parliament of the United Kingdom of Great Britain. The Acts of Union were not deemed important enough for new elections to be held and a small number of new members from Scotland joined the lower and upper houses. The business of government in England was not altered or disrupted, it was business as usual.

For Scotland, and some Scots, there was also success. The “*parcel of rogues*” secured their ill-gotten gains and departed to London. For Presbyterians the Protestant faith in Scotland was safe and the position of the Church of Scotland as the established church was secured. Free trade across Great Britain and with the English colonies was attained and the foundations for Scottish financial stability were established, although it would take another thirty years before there was any great improvement in the Scottish economy. There were further successes for Scotland over the next three hundred years. The Scottish Enlightenment is unlikely to have taken place during the latter half of the eighteenth century without the Union being established. During this period the thinking and writing that was generated in Edinburgh shone like a beacon across the enlightened world. Horace Walpole commented in 1758 that “*Scotland is the most accomplished nation in Europe*” (Hermon, 2001) and the French philosopher Voltaire reputedly remarked “*we look to Scotland for all our ideas of civilisation*”. From this period, the works of Francis Hutcheson, David Hume and Adam Smith helped shape the modern world as we know it today.

Free trade enabled Scottish merchants to build networks across the British Empire and to develop trade with the colonies. Glasgow was at the heart of the commercial growth of Scotland from 1745 onwards. The Tobacco Lords not only dominated the Scottish trade in tobacco, they almost monopolised the tobacco trade of Great Britain. In 1758 Scottish tobacco imports from America were larger than London and all English ports combined (Herman, 2001). With sugar and cotton also being imported, Scottish commerce blossomed. However, the advent of the American Revolution saw the decline of the tobacco trade, but this was now the dawn of the industrial revolution in which Scotland was to play a major role. The industrial revolution changed the face of central Scotland and the west coast in particular. Cotton mills, mining, shipbuilding, and heavy engineering all thrived in Scotland during this period, growing from easy access to the markets of the British Empire. It was during this period that Glasgow claimed the title “*second city of the Empire*” and the economy of Scotland was thriving. Signs of decline in the industrial bedrock of the Scottish economy started to emerge from the beginning of the twentieth century, but the industrial effort of two world wars delayed the final onset of this decline until the nineteen fifties. However, the resilience of the Scots once again came to the fore and a thriving financial services industry started to emerge in Edinburgh and Glasgow during the nineteen sixties. This financial services industry grew and prospered until being severely damaged by the financial crash in 2008.

When considering these successes of the Union it must be remembered that when the Acts of Union were enacted in 1707 Scotland was probably the poorest nation in Europe. This makes the successes that were achieved by Scotland, and Scots, quite remarkable. However, when these successes are examined in more detail two critical questions emerge. Firstly, who really benefited from the success, and secondly, has this success delivered long term value to the people of Scotland? When the first question is considered it starts to become obvious that in most cases the success that was attained was restricted to elite groups of Scottish society. The “*parcel of rogues*” who took their money and ran; the Presbyterians who secured their religion; the Tobacco Lords who amassed great fortunes; the literati of the enlightenment; the captains of industry during the industrial revolution; and the financial services “*fat-cats*” who took their pensions and ran, another parcel of rogues perhaps?

But what about the majority of Scots, what have they gained over the three hundred years of the Union? The successes of the Union did bring recognition, security, employment, and opportunity for many, but despite this the standard of living and general level of wellbeing that has been attained by the majority of the Scottish population has continually been sub-standard. “*By the*



*1840s some of Glasgow's housing conditions were regarded as among the worst in Europe. Overcrowding and a highly mobile population made the city vulnerable to epidemics. Cholera came in lethal waves. Typhus and typhoid struck with depressing regularity in foul housing "backlands" or in dingy lodging houses. Polluted water supplies, a smog-laden atmosphere and a lack of sunlight were ripe conditions for chronic illnesses as well as epidemics" (Fraser, 2004). These problems were still being tackled one hundred and twenty years later. We need look no further than the rat infested mouldering slums of the Gorbals, many still standing until the early nineteen seventies, for an indication of the slow progress that was made in Scotland to deal with these challenges.*

Most of these problems were related to the industrialisation that took place in Scotland from the Industrial Revolution onwards. Industrialisation provided many Scots with much needed work but there was no consideration given, at that time, to the general wellbeing of the population. As Scotland entered into the post-industrial era there should have been a hope, even an expectation, that improvements would be made and that Scots would be able to enjoy the standard of living that was starting to be enjoyed by many other people in the UK and Western Europe. Regrettably, this does not appear to have happened. Over the last fifty years the death of heavy industry has brought about some of the most fundamental changes that have ever affected Scotland. However, during this fifty year period of change there has been a significant lack of UK Government policy, or action, to address the problems that have afflicted Scotland during this transition, and little apparent effort to improve the standard of living experienced by most Scots.

## **The UK Government is failing to effectively support the recovery of the Scottish Financial Services industry**

As the traditional heavy industries of Scotland entered their final death throes in the nineteen fifties and sixties the service industries, and financial services in particular, started to emerge *"The accelerating increase in the share of the service sector – from 24 per cent in 1951, to 26 percent in 1961, to 33 per cent in 1971, and finally to 43% in 1981 – is undoubtedly the single shift in sectorial employment which Scotland has ever experienced in modern times"*, (McCrone, 1992). The growth in financial services continued throughout the nineteen nineties and into the beginning of this century. *"Financial services must now be almost the single sector of the Scottish economy in terms of GDP and one of the biggest in terms of employment. It certainly has the track record on growth and as strong a potential for growth as any Scottish sector of substance"*, (Peat, 2002). This growth of financial services in Scotland resulted in some remarkable statistics on the success that was being achieved. *"Ten of the top 20 companies located in Scotland were in the financial services sector. In terms of fund management centres, Edinburgh/Glasgow ranked sixth in Europe by international equity holdings, while in banking, Scotland again ranked sixth in Europe by market capitalisation when the nationality of the top 30 banks is considered"*, (Ashcroft, 2002). By this time the financial services industry in Scotland had gained such importance that the Scottish economy in general had become very dependent upon it. *"The contribution of the Scottish banking sector will be critical to economic development in Scotland"* (Peat, 2002). This was still the situation five years later when it was being claimed *"it is mainly the financial sector that is saving Scotland from growing at a much slower rate than the UK as a whole"*, (McLaren and Harris, 2007). This view was reinforced by further statistics that highlighted the success and importance of financial services to Scotland. As Baird et al (2007) observed, *"The growth in finance, principally banking, insurance and investment services, has*

*been disproportionate. It now contributes 7 per cent to Scotland's GDP and makes Scotland the sixth biggest regional centre for fund management in Europe".*

Financial services are Scotland's success story from the end of the twentieth century; it is the story of how Scotland has yet again reinvented itself. It is the industry that carries the hopes and aspirations of many Scots; it is the industry that has the potential to drive Scotland up the league table of prosperity. However, as we all know, the financial meltdown in 2008 dealt the financial services industry in Scotland a severe blow; the Banking sub-sector was devastated. The collapse of Royal Bank of Scotland (RBS) and HBOS not only damaged financial services, it damaged the Scottish economy as a whole, "*The failure of Scotland's two largest companies seriously weakened the Scottish business sector*", (Kay, 2011). The effect on the financial services sector generally has also been significant as Skeoch (2011) has identified, "*Provisional data for 2010 suggest that the [Scottish] financial services sector was 20% below its peak level of output in 2007. This is a much sharper decline than experienced by financial services in the rest of the UK or indeed London*".

The critical questions related to this decline are, what action is being taken by government to reinvigorate this critical sector of the Scottish economy, and what action is being planned to reinstate the Scottish banks? The Scottish Government has instigated an Economic Recovery Plan but acknowledges that as a devolved government it is limited in the powers that it can control. This places the onus on the UK Government to take the action that is required to recover financial services in Scotland. Unfortunately, the focus of the UK Government appears to be the protection of the City of London with very little attention being given to Scotland. A cynic could take the view that the UK Government is quite happy to see financial services in Scotland diminishing if it helps to strengthen the London markets. This situation was discussed recently by William Rees-Mogg (2012) who observed "*the City of London has already overtaken Scotland as a force to be reckoned with in the UK ... Scotland is on the way down, while London is on the way up*".

Finally, there is the question of the Scottish banks, a question that has already been partially answered. In the rush to deal with the HBOS collapse, control of the bank was handed to Lloyds TSB. This transfer of ownership effectively ended the history of the Bank of Scotland as a Scottish headquartered institution. Any decision to re-establish the Bank of Scotland as a Scottish based bank will now be a commercial decision for Lloyds TSB. But what about RBS? The future of RBS, effectively owned by the UK Government today, is currently being debated. What plan does the UK Government have to re-establish the Royal Bank of Scotland as an independent Scottish based bank? The jury is out but the outlook appears gloomy.

## **UK Government policy has devastated Scottish owned business**

In a speech on Scotland and the World Economy in November 2003, Jack McConnell, the then Scottish First Minister, said, "*For Scotland to be globally competitive, we need more companies that are global players. Internationally successful companies will be crucial to Scotland's future economic growth. That means Scottish businesses need to be increasingly global and internationalist in their outlook*", (Imrie, 2006). Depressingly for Scotland this vision has not been realised and the reality has been quite the opposite. Since 2003 many of Scotland's major companies have been swallowed up by international competitors who were obviously following Jack McConnell's advice. To be fair to Mr McConnell, this loss of Scottish ownership had started long before 2003. When writing in 1992, McCrone identified many well-known names such as

Distillers, Britoil, and Patons as casualties of the move of decision making outwith Scotland. As he stated *“In terms of private capital, the tale is of virtually continuous decline in indigenous control. By the early 1990’s a mere five of the top fifty manufacturing companies [producing in Scotland] were controlled from Scotland”*, (McCrone 1992). This trend was still being observed fifteen years later. *“A much bigger proportion of the biggest Scottish-registered companies is now wholly owned by external companies ... Together they make up over 40 per cent of the biggest nonfinancials”*, (Baird et al, 2007). The roll-call of companies lost by Scotland over this period is quite shocking, General Accident, Scottish Widows, Scottish & Newcastle, Bells Whisky, Scottish Power, not to mention HBOS.

The big debate that has taken place over this predicament is whether indigenous ownership really matters. Many have argued that indigenous ownership does not matter and that creating jobs from overseas investment, in the form of takeovers if necessary, is what really counts. The need to create jobs for the people of Scotland is not disputed. However, the types of jobs that are created, and the standard of living that people have as a result of these jobs, does matter. There is clear evidence that maintaining the headquarters functions of major companies does have a positive impact on the economy and on the quality of employment. *“The contribution of headquarters functions to the strength of regional economies is well-established. They tend to result in high proportions of inputs being sourced locally, especially in high-value purchases such as legal, accounting and other business services. In the absence of headquarters functions demand for these services is lower, with adverse consequences for economic performance and prospects. That means not only lower income but also the absence of the dynamic and innovative influences that arise from the presence of key decision-makers”*, (Boyle, 2002).

It must be acknowledged that when operating in a global economy the loss of national ownership of companies is to be expected, but government policies that help to support and develop indigenous companies is also expected. Relatively dynamic regional economies continue to exist and provide the main motors for national growth in countries such as Germany, France and Italy, (Baird et al, 2007). These local economies are based on regionally-anchored networks of ownership and are sustained by long-term strategic synergies in manufacturing and services. Baird and his colleagues recognised that this type of economic model once thrived in Scotland, but no longer. They highlighted the irony of this situation by pointing out that in these other countries *“these regional economies are still growing quite effectively in the environment of the twenty-first century”*.

There is a clear argument that the economic policies adopted by UK Governments have had an adverse effect on the indigenous ownership of Scottish enterprise. In a report to the Scottish Parliament’s Business Growth inquiry in 2005, John Firth discussed the location and nature of ownership and suggested that *“it may indeed have an impact on an area’s economic sustainability”*. (Baird et al, 2007). Baird and his colleagues concluded by stating, *“Political devolution has gone hand in hand with a sharply reduced ability to influence the economic basis of Scottish society. If there is to be a rounded debate on power in Scotland, this needs to be part of the agenda. Where economic power is held remains critical”*, (ibid).

## **UK Government policy drives down the standard of living in Scotland**

Failing to maintain the headquarters of major companies in Scotland has a major impact on the Scottish economy. This is arguably one of the most significant factors that have reduced the overall standard of living in Scotland. *“The low proportion of private sector managers also seems*



*to reflect the weakness of Scottish owned companies since the war. Given the concentration of headquarters in London, and the significance of overseas companies in manufacturing in Scotland, it is unsurprising that Scotland is well down the scale of [UK] regions” (McCrone, 1992).*

The loss of headquarters functions has a negative impact on the Scottish economy in a number of ways. It reduces the requirement for support services with a resulting loss of jobs in the support services industries and an increase in unemployment. The loss of senior management, middle management, and specialist job opportunities reduces the income levels that are available to Scottish workers. This results in a general lowering of the amount of money available for consumer spending which has a knock-on effect on the wider economy. With less money to be spent there is less of a need for retail and leisure services. This results in fewer jobs being available in the leisure and retail industries. Fewer jobs in these industries results in even less money being available for consumer spending. This is a downward spiral that is exacerbated every time another tranche of headquarters jobs is lost. Another major impact that the loss of headquarters functions has on Scotland is that as the number of higher paid management, specialist, and skilled jobs reduces, the number of unskilled, and lower paid, jobs increases. *“Scotland does have the highest proportion of unskilled workers as well as the lowest proportion of petit bourgeois groups ... employers and managers in small establishments and ... own account workers” (ibid).*

To add insult to injury, a UK Government budget proposal for 2012 has the objective of linking public sector pay to the performance of regional and local economies. For Scotland, this is almost guaranteed to result in a reduction in public sector pay. This will result in even more Scots being sucked into the downward spiral towards lower paid jobs, and even less money being available to fuel the Scottish economy.

There is also a less obvious, but arguably more devastating, impact that the loss of higher paid jobs has on Scottish prosperity. People seeking higher paid executive and specialist jobs need to search further afield. *“Job opportunities have been less, with the result that the greater propensity to migrate has produced significant net out migration and a declining share of UK population”, (Ashcroft, 2002).* So not only do the economic policies that have been implemented in Scotland by UK Governments result in a reduced standard of living, they also contribute to the gradual reduction of the Scottish population. This does not just result in fewer people; it strips Scotland of some of the brightest and best people who could be the entrepreneurs of tomorrow. So rather than the people of Scotland benefiting from the businesses and jobs that these Scottish entrepreneurs create it is the people of Canada, New Zealand and the USA who reap the benefit. As Young (2002) sums up this sorry situation, *“any economy that consistently, over time, leaks people has failed to provide its citizens with either an acceptable level of prosperity or all the economic opportunities and challenges they seek ...Scots left their native land in large numbers not out of any sense of adventure or to seek their fortune, not because they found the society they left behind claustrophobically disapproving of their aspirations, but because the Scottish economy had consistently failed to produce enough jobs or pay decent enough wages to keep them all productively employed in the land of their birth”.*

## **The Scottish economy has been mismanaged by UK Government for the last fifty years**

Consideration has been given to the impact that UK Government policy, or lack of policy, has had on specific aspects of the Scottish economy, but how have these policies affected the Scottish economy generally? *“For much of the twentieth century the Scottish economy has under-performed the UK as a whole”,* (Ashcroft, 2002). The data that is available supports this claim. Very rarely has the Scottish economy exceeded, or even matched, the level of performance attained by the UK as a whole. *“The trend rate of economic growth is comparatively low ... between 1964 and 1989 the average rate of growth of GDP was 2.1 per cent per annum in Scotland compared to 2.4 per cent for the UK as a whole”,* (Ashcroft, 2002). A similar conclusion was provided by McLaren & Harris (2007) five years later *“Over the whole economy, the UK growth rate (1998-2006) was 2.7% p.a. while Scotland’s was 2.0% p.a. To put this in context, the UK has been outgrowing Scotland since the 1970’s”.*

This economic underperformance has had a number of impacts on Scotland but a critical area that has been particularly badly affected is employment. *“Scotland’s performance during the 1990’s in respect of employment growth and unemployment reductions leave it a long way short of the best performing economies during the decade, including the rest of the UK”,* (Bell, 2002). When Scotland’s growth of employment record is compared against other areas of the UK the story is even more shocking. *“While the group of five South East counties is 70 per cent larger than Scotland in terms of employment , the growth of employment in the 1995-1999 period was 290 per cent larger”,* (Hood and Paterson, 2002). Underlying many of these economic problems has been the failure of UK governments to develop appropriate economic policies focused on the specific needs of Scotland. *“The post-1980 period has had few significant attempts to develop, promote, and pursue a coherent long term economic vision for Scotland”,* (Firm, 2002). In recognising this problem, Ashcroft (2002) came to the following conclusion; *“something was always missing ... the missing ingredient was the lack of a strategy from central government for economic development in Scotland”.* This is an astonishing claim and a calamitous state of affairs for Scotland. The essence of this claim is that for almost fifty years there has been no effective UK Government strategy to develop the Scottish economy.

With the Scottish Government having to operate with limited powers, and unable to greatly influence the conditions that are required to stimulate economic development in Scotland, the onus has fallen on UK Government. Yet again, UK Government has failed. It has failed to create the policies and the environment required to develop and grow the Scottish economy and to bring it into line with the UK national average. It is quite clear from the evidence that the economic policies required for successful economic development in Scotland are quite different from those required by the rest of the UK. By shoehorning Scotland into a *“one size fits all”* UK wide economic policy, immense damage has been done to the Scottish economy over the last fifty years.

## **UK Government policies treat the Scots as second class citizens**

Having considered the impact that UK economic policy has had, and continues to have, on the Scottish economy, it is important to consider the impact of broader UK Government policies on Scotland. Many of these broader policies have a direct impact on Scottish prosperity and the ability to develop the Scottish economy. The worrying conclusion is that many national policies

being adopted by the UK Government appear to be contributing to the decline of Scotland and damaging the Scottish economy rather than supporting and developing it. An even more damning conclusion is that in many ways it appears that the Scots are being treated as second class citizens by the decision makers in London.

There are a number of recent examples that clearly indicate this lack of consideration and support for Scotland, and the damage that is being done:

- The UK Government has only just approved the creation of the High Speed 2 rail link between London and Birmingham that will link the West Midlands into the European high speed rail network by 2026. It is expected that this link will be extended as far as Manchester and Leeds by about 2033. So how long will it be before the major cities of Scotland get connected to the high speed European rail network? At the pace the UK Government is moving, this is highly unlikely to occur before the middle of this century, if it ever occurs at all. Would this situation be different if there was a Scottish administration that had full control over all transport and fiscal matters? It has to be admitted that a Scottish administration would be unable to force the creation of a rail link through northern England, but it would certainly be able to exert pressure (possibly with EU support) for a speedier implementation timetable, and to ensure that the necessary infrastructure was being planned and created in Scotland.
- A similar situation exists with UK national airport policy. There is continual debate about securing the role of Heathrow as an international hub and providing Heathrow with a third runway, or possibly creating yet another London airport. But what consideration has ever been given to adopting a dispersed approach to the location of international air hubs in the UK? By dispersing international air hubs across the UK the congestion on the ground and in the air around Heathrow would be significantly reduced. The inconvenience and discomfort experienced by millions of travellers, forced to travel through Heathrow and Gatwick today, would also be reduced dramatically. Creating one of the international air hubs in Scotland would remove the inconvenience experienced by most Scots having to use connecting flights to travel to major destinations. Both this, and the development of a high speed rail link, would be major boosts to the Scottish economy. It would provide substantially improved access to and from Europe and the rest of the world, and it would bring short term development investment as well as long term infrastructure, services, and employment.

Neither of these policies appears to give the slightest concern to the development or prosperity of Scotland. They appear to be developed with a myopic view of the UK that is focused on the south and is unable to see the north. Is it really beyond the wit of London based policy makers to view the UK from north to south? Should the first question regarding the creation of High Speed 2 not have been "*how quickly can we connect Glasgow and Edinburgh to the high speed rail network?*", and then develop the route from north to south. All of these inequitable policy decisions suggest that the needs of Scotland are just not taken into account by UK Government. Or could it really just be that in the minds of the UK policy makers Scotland does not really matter, the Scots are just second class citizens?

## THE UNION THAT EXISTS TODAY IS NOT FIT FOR PURPOSE

There are a number of factors that suggest that the Union of 1707 was flawed and bound to fail from the outset. The major failing is that the Union was not created with the objective of having the two nations join together in a fair and equal partnership for the benefit of both parties. It was not created to ensure that both nations had an equal voice. As Fry (2006) comments on the early discussions that took place in the commission set up by Queen Anne to negotiate a Union, “*the English evinced not the slightest interest in any of the Scots’ alternatives to an incorporating Union ... all attempts at compromise over the absolute supremacy of the Parliament at Westminster were to the English wholly immaterial, mere quibbling irritants*”. The English commissioners did not give the slightest consideration to the proposals made by the Scottish commissioners for a federal Union. The only Union that England was interested in was a Union that fully incorporated the Scottish Parliament into the English Parliament and ensured that all the power within the Union lay with England. The simplest mechanism that was used to achieve this was the representation of each nation in the new parliament. At the first sitting of the new parliament of Great Britain, Scotland had 45 seats out of a total of 558, and only 16 peers in the upper house. It was not until 1963 that all Scottish peers acquired the right to sit in the House of Lords. Herman (2001) was of the opinion that “*by signing the treaty of Union, Scotland’s political class was committing suicide ... yet this was exactly what London and the Scottish commissioners expected them to do*”. If there were any doubts about where all power lay in the Union they were finally laid to rest five years after the Union had been created. Many Scots had entered into the Union with the belief that the treaty was an unalterable agreement between England and Scotland. Unfortunately this was an incorrect assumption that was disproved by the passing of the Patronage Act of 1712. As Devine (2006) highlighted “*This act confirmed unambiguously that the Treaty of 1707 was not, as many Scots believed, an inviolate, fundamental and supreme law but rather one which could be altered by the whim of any electoral majority in Westminster*”.

This inequitable treaty established an unsound foundation for the Union, however, there are other inherent weaknesses in the Union of 1707. One of the most critical of these other weaknesses is that it was not a full and complete Union. In the 18<sup>th</sup> century the nation-state consisted of a number of key components, the Monarchy, the government, the law, the church, and it can also be argued that education, in the form of independent universities, was another. By 1707 the English and Scottish crowns were already united under one Monarch and the Acts of Union then united the government of both nations. What the Acts of Union did not unite were the law, the church, and education. These three critical elements of the nation-state remained independent of the Union. The independence of Scottish law, in the form of the Court of Session, and the Church of Scotland were protected by entrenched provisions in the Union treaty. Since 1707 the Westminster parliament has challenged, and reduced, the independence of these Scottish institutions but despite this they have all still managed to retain a significant amount of independence.

Having maintained these critical elements of a nation-state, and with the dogged determination of the Scottish people, Scotland has continued to exist as a proud and uniquely identifiable nation. Despite losing political independence the Scots have persevered to maintain their status as a nation, although realistically it should now be considered to be a “*stateless nation*” (McCrone, 1992) rather than a nation-state. Over the three hundred years of Union, Scotland has struggled

(quite successfully many would argue) to assert its own identity. With the creation of the Scottish Parliament, a new momentum has been added to this struggle and today we have an independent thinking Scottish Parliament that demonstrates the ability of Scots to successfully manage their own affairs and to present Scotland in a positive light to the rest of the world. So it appears that after three hundred years we have almost come full circle and we now find Scotland gradually extracting itself from a flawed and failing Union.

## **The Union has failed to create a British identity and any great belief in Britishness**

The Acts of Union of 1707 created the United Kingdom of Great Britain. There was a desire by many people to see a new British identity emerge from this Union. Despite this desire, today many people appear to have very little belief in Britain and Britishness. In discussing the success of Britishness, Crick (2009) was of the opinion, “*while it succeeded at the level of political institutions ... at a popular level Britishness does not seem to have caught on*”. Most commentators agree with this view to one degree or another and observe that, in the main, Scottish has always been the primary identifier for most Scots, and that this feeling of being Scottish has increased over time rather than diminished. This recognition of national identity has not only affected Scots. As Gamble and Wright (2009) commented “*Many British people have become much more aware of their separate identity as Scottish, English, or Welsh, and for an increasing number of them this other national identity has come to be regarded as a primary identity, and the British identity only a secondary identity, or even an identity they no longer want*”.

The statistics that have been produced over the last decade are also quite damning. These statistics appear to suggest that many people in the UK, and particularly Scotland, have little belief in Britain and Britishness. The 2005 British Social Attitudes Survey, published in 2007, identified that less than half the UK population, 44 per cent, considered that “*British*” was the best or only way of describing their national identity. This survey also identified that of those living in Scotland only 14 per cent described themselves as feeling in any way British (Bradley, 2008). The Scottish Social Attitudes survey of 2009 identified that 67 per cent of Scottish respondents consider themselves to be “*only or mainly Scottish*” and that a mere 4 per cent of Scots consider themselves to be “*only or mainly British*”. (Reicher et al, 2010). This survey also identified that being Scottish (42 per cent) matters more than social class (30 per cent), more than gender (28 per cent), and even more than being a wife/husband/partner (41 per cent) (*Ibid.*, p.12).

Beyond the statistics we have had national anthems emerge for the individual nations of the UK at sporting events; the drowning out of the British national anthem by Scottish football supporters; and the refusal of the Scottish Football Association (SFA) to participate in a Great Britain team for the Olympic Games. Some of this could be considered to be simply anti-British behaviour, however, the SFA refusal to participate in the Olympic Games is much more likely to be connected to the struggle by Scots to maintain a national identity. This incident appears to be a concrete example of a situation where, for the Scots, the defence of the Scottish national identity is considered to be far more important than participating in an event under the British flag. These incidents suggest that the observation made by Gamble and Wright (2009) that a British identity is something that many “*no longer want*” appears to be very valid, especially in relation to the Scots.



In recent years there have been many forceful arguments that Britain and Britishness are no more than political illusions. *“The British state and the British national identity was always a sham, a political creation which suited the interests of those groups in all nations which favoured the Union and wished to create a new supranational focus on loyalty and allegiance”*, is a general view that was identified by Gamble and Wright, (2009). Among the most critical opinions is that of Gwynfor Evans, *“What is Britishness? The first thing to realise is that it is another word for Englishness: it is a political word which arose from the existence of the British state and which extends Englishness over the lives of the Welsh, the Scots, and the Irish”* (Bradley, 2008).

The counter argument to these claims has, most recently, been led by Gordon Brown who identified what he believed to be the main characteristics of Britishness. However, a number of observers have argued that some of the characteristics identified by Gordon Brown are historical and have little relevance today, and that most, if not all, of these characteristics could be claimed by many other nations; these characteristics do not identify something that can be claimed to be uniquely British, (Crick, 2009; Hazell, 2009; Jeffery, 2009). Other commentators have been even more scathing about the views on Britishness expressed by Gordon Brown. Hassan (2009) takes the view that *“Brown’s promulgation of Britishness is about shoring up the discredited status quo and maintaining Westminster’s hold on power ... it is an attempt to develop a counter-story to the calls for systematic reform, and prevent any serious redistribution of power in the UK political system”*.

In attempting to characterise Britishness, Gordon Brown highlighted just how difficult it is to define what it actually is or how it can be identified. There appears to be much more substance to Scottishness, Welshness, and even Englishness. If the essence of Britishness is so difficult to define and to characterise after three hundred years of Union, it may suggest that Britishness, and a British identity, really just do not exist. What appears to emerge from the debate that has taken place is that there is no real substance or depth to Britain and Britishness. Britishness is no more than a thin political veneer that has been used to cover over the cracks that exist in a cobbled together union of disparate nations. In any future Union between England and Scotland the idea that a British identity, and Britishness, will be among the outcomes should be swept aside. Just as within the European Union the notion of a common European identity and Europeaness is, to most people, a ridiculous idea then the same conclusion should apply to Britain and Britishness. The Scots will always be Scots and the English, English. Just as Scotland can be considered to be a *“stateless nation”* then Britain should be considered to be no more than a *“nationless state”* (Davis, 1998).

## **Radical change will be required if the Union is to survive**

The Union may have been fit for its original purposes. For England this was subduing the Scots and taking political control of the mainland British Isle; for Scotland it was mainly gaining access to English trade and achieving financial stability. However, since 1707 the inequity of the Union has become abundantly clear. The Union has failed to provide the majority of Scots with any long term value. It has failed to establish a British identity of any substance, it has resulted in the steady economic decline of Scotland, it has provided the Scots with a lower standard of living than much of the UK, and it has resulted in Scots being treated as second class citizens. The only conclusion that can be reached from this sorry state of affairs is that the Union today is quite simply not fit for purpose.

With UK government policies appearing to be failing Scotland so dramatically, it is imperative that Scotland is able to take full control of its own development. Scotland needs a level playing field on which to compete and it is essential that the shackles that constrain Scotland's competitive ability are removed. Scotland needs to be able to emulate not only the thriving areas of the UK, but also the most successful global economies. To attack all of the issues that have been discussed, Scottish economic development must be devised and shaped in Scotland. The policies that are implemented must be focused on Scottish needs and enhancing the prosperity of the Scottish people. For the Scottish government to take control of Scottish economic development it must be provided with the powers to control all aspects of the economy. This will require a transfer of powers from Westminster to Edinburgh related to fiscal and monetary policy, international trade and currency, competition law, consumer protection, employment law, and industry regulation. None of this can realistically happen within the structures of government that exist within the UK today; radical change will be required. This blueprint provides the basis for such a radical change, it proposes a new and equitable union between England and Scotland that will endure, a Union for the future; it proposes a Union of Equals.

## **A NEW UNION FOR THE FUTURE IS REQUIRED - A UNION OF EQUALS**

If the Union is damaging Scotland's development and is no longer fit for purpose, where does this leave Scots who are ambitious for their country, people who believe that Scotland can be a prosperous and dynamic nation? Urgent, radical change is what these Scots are looking for. For nationalists the required change is quite simple, it is independence. Scotland will take full control of its own development and prosperity. For unionists, however, the challenge is much more difficult, how can the necessary radical changes be made but still maintain the Union? The proposals in this blueprint may help answer this question.

The radical change proposed in this blueprint is a new Union, a confederated Union. It is a new Union that is designed for the twenty first century and beyond, a new Union that above all else is a Union of Equals. Both partners in this new confederated Union will have equal rights and equal power; the size and wealth of one nation will not be considered to be a right to more power or authority over the other. It will be a Union in which both parties have clear and distinct ownership over agreed internal matters of state and where there is clear agreement over unified powers. It will be a Union where both partners are in agreement over unified policy and unified legislation. Neither partner will be able to impose its national preferences on the other partner. This new Union will be created by a new treaty between England and Scotland. The starting point for the creation of this new Union treaty will not be a discussion on the powers that can be devolved by Westminster to Edinburgh. The starting point for this discussion will start from where the discussion should have started in 1706, a discussion between equals, the two nations of England and Scotland. The new Union treaty will be developed jointly between the UK government, representing England and the other nations of the British Isles, and the Scottish Government. Once agreed and enacted the new Union treaty will replace the existing Acts of Union.

The foundation for this new Union treaty between England and Scotland will be built on the same type of frameworks used to establish the European Union (EU) treaties. All of the frameworks required to establish this foundation are in use today in existing EU treaties and as such they are all tried and tested. Most importantly, as all of these frameworks have already been agreed at some point in the recent past by a UK government there can be no legitimate argument that they will not be appropriate or conducive to the establishment of a new Union between England and Scotland. Being a Union involving two equal partners will mean that regardless of the size of population or wealth of each nation both parties shall have an equal voice. There will also be an equitable distribution of power and offices of state. Power will not be centralised in one location, the offices of state will be located in both nations, and the leadership of these unified departments of state will be shared equally between the two nations. Leadership of the new United Kingdom confederation will also be equitable with each nation providing the United Kingdom Prime Minister at regular and appointed times.

### **The new Union will be built upon established principles of government**

This is not a blueprint for untried and untested methods of government; the new Union will be built upon established principles of government. The principal foundations for this blueprint are the frameworks of government already underpinning the European Union (EU). This is a critical element of this blueprint; the rights and responsibilities of government, already established by EU treaties, form the basis of this framework. In particular, the European Council, and its methods of



operation, are at the heart of this proposal and form the basis for the proposed Cabinet of the United Kingdom.

The principal elements of the European Union, and how the UK government interacts with them, are illustrated in figure 1. Within this model of government a UK Cabinet is formed from the ruling party, or coalition, in the UK Parliament. Members of the UK Cabinet attend appropriate meetings of the EU Council of Ministers on behalf of the UK Government. The Prime Minister attends European Council meetings. These two bodies combined, the Council of Ministers and the European Council, form the policy making and decision making heart of the EU. The European Parliament, to a certain extent, exercises political supervision over the EU's activities. The European Commission is the administrative body that manages and runs the European Union.

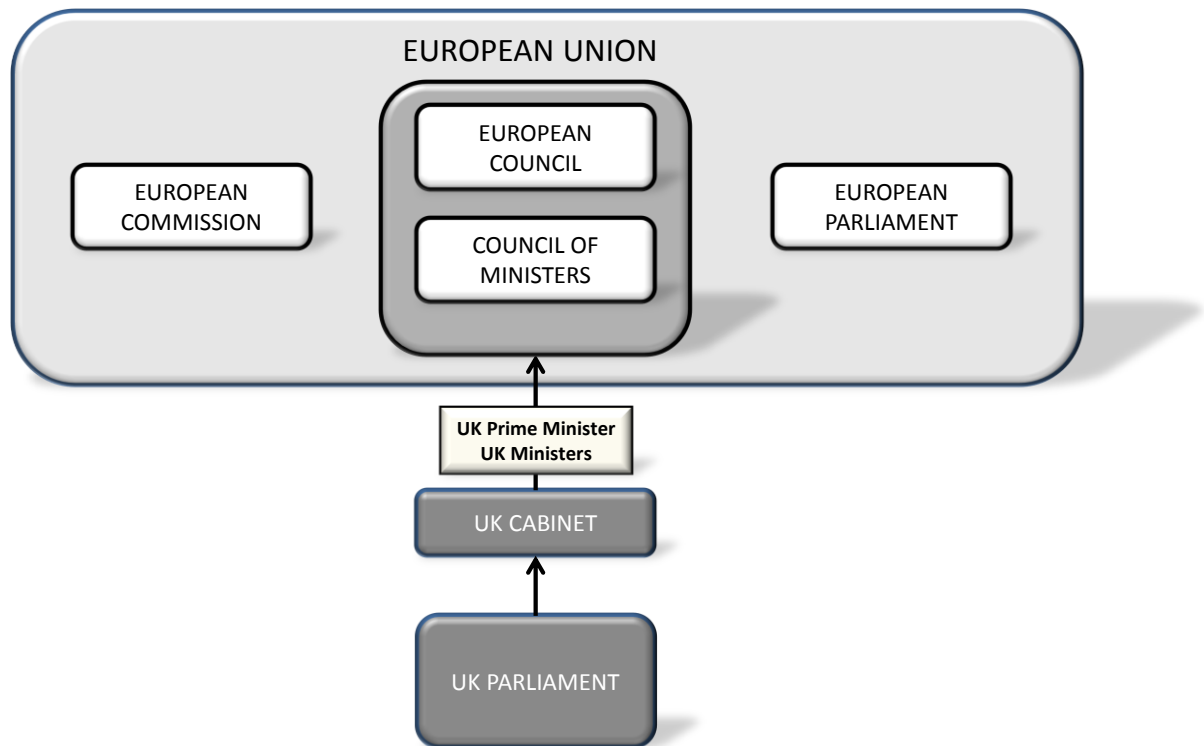


Figure 1 – The Principal Elements of EU and UK Government (Simplified View)

The roles of the European Council and the Council of Ministers provide key elements for the structures of government proposed in this blueprint for a new Union between England and Scotland.

- The European Council - The Lisbon Treaty refers to the European Council as being an official institution which "*shall provide the Union with the necessary impetus for its development*". Essentially, it defines the EU's policy agenda and it achieves this without any formal powers, only the influence it has being composed of national leaders;
- The Council of Ministers – This is the EU's main decision-making body. According to the Treaties, the Council has to take its decisions either by a simple majority vote, a qualified majority vote, or unanimously, depending on the subject to be decided. The Council has to agree unanimously on important questions such as amending the Treaties, launching a new common policy, or allowing a new country to join the Union (Europa, 2012a).

It is the combination of power held by these two EU institutions that provides a critical element of the template for government proposed in this blueprint.

The principle of unanimity, established for all decisions on important matters in the EU, will be critical for the success of the new Union between England and Scotland. Although qualified majority voting has gradually been introduced into EU treaties, this system will not be implemented as part of any new Union treaty between England and Scotland. All joint decision making in the new Union will be based on unanimity. The importance of unanimous voting was powerfully demonstrated by David Cameron when he refused to provide UK support for fiscal union in the EU. By doing this he effectively vetoed this idea as formal EU policy. Unanimous voting will ensure that neither nation, England nor Scotland, can be forced into policies that are not in its national interest; this is a fundamental element of an equitable union.

## **Power and decision making will be shared equally in the new Union**

First and foremost within the new Union there will be two parliaments of equal standing. It is presumed that one will be located in London, and for the scope of this proposal it is assumed that this parliament will represent England and the other nations of the British Isles. This parliament is referred to as the British parliament in the discussion that follows. The second parliament will be the Scottish parliament located in Edinburgh. As this will be a confederated Union the parliament of the United Kingdom of Great Britain and Northern Ireland will no longer exist.

As figure 2 illustrates, both the parliament of Britain and the parliament of Scotland will have a First Minister and a Cabinet of Ministers formed by the ruling party or coalition. Each national government will have full power and control over all matters not covered by the new Union treaty. These national powers are likely to include all fiscal matters, the environment, transport, health, education, and most importantly, economic development. Discussion on the powers to be unified will commence from a position where all power is considered to have been devolved to the national governments. From this starting point the discussions will identify and agree the power to be unified within the Union.

From the cabinet of each national government a small sub-set of ministers will be appointed to the new United Kingdom Cabinet. The new United Kingdom Cabinet will perform the type of roles performed by both the EU European Council and the Council of Ministers, but the United Kingdom Cabinet, as with the European Council, will have no legislative power. All policy and legislation drafted by the United Kingdom Cabinet will be submitted to each national parliament for approval and enactment. No new United Kingdom law will come into force until approved by both national parliaments; this reflects the situation with most EU legislation being created today.

The ministers appointed to the new United Kingdom Cabinet will take on the United Kingdom ministerial roles on an equitable basis. For instance, the posts of Foreign Minister and Finance Minister might be held by Scottish ministers with the Europe Minister and Defence Minister roles being held by British Ministers. The key positions of United Kingdom Prime Minister and United Kingdom Deputy Prime Minister will be held by the First Ministers of England and Scotland and will rotate between them at the end of each Cabinet term. This procedure will be very similar to the procedure that was adopted for managing the rotation of the Presidency of the Council of the European Union until 2009.

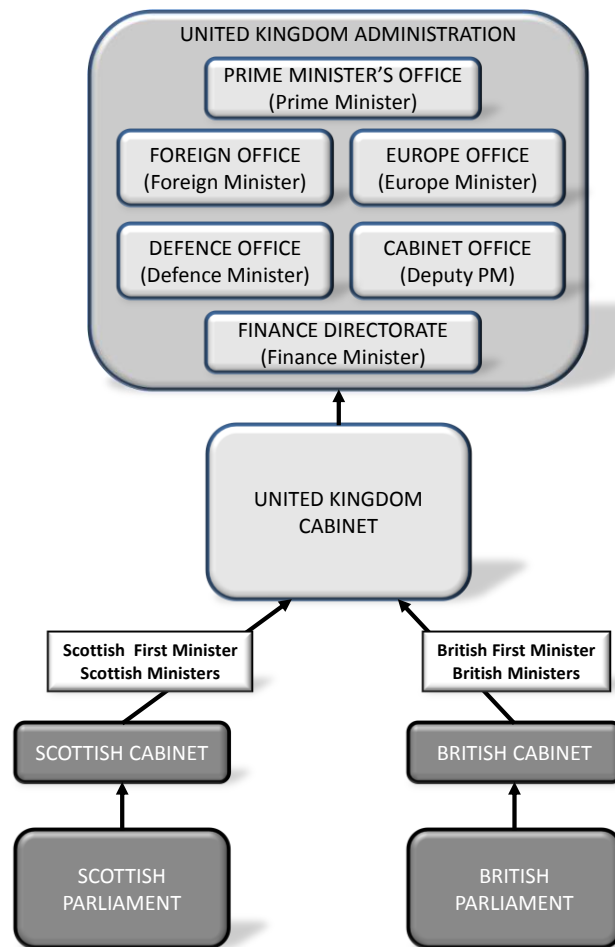


Figure 2 – A Union of Equals - The United Kingdom Structure of Government (Simplified View)

The term of the new United Kingdom Cabinet will be an important element in the future governance of the United Kingdom. The formation of this body will not be directly linked to the duration of either parliament. Its term will have a fixed duration at the end of which all the ministerial roles will rotate between the ministers of both nations. Any timespan could be set for the term of the United Kingdom Cabinet but a term of three years appears appropriate. This will mean that a change of English or Scottish First Minister could result in the change of United Kingdom Prime Minister if the United Kingdom role is held by the outgoing First Minister. It could also result in a United Kingdom Prime Minister holding this role for only a short period of time if the United Kingdom Cabinet rotation takes place shortly after a new national First Minister is elected. However, a Cabinet term of three years will increase the likelihood that every national First Minister has the opportunity to take on the role of United Kingdom Prime Minister.

One of the main challenges to this proposed structure of government will be the impact of the democratic process in each national parliament. Parliamentary democracy thrives on the ability of the members of the parliament to challenge and amend proposed legislation. Under this proposed framework of government either parliament could modify legislation proposed by the United Kingdom Cabinet. The result could be that proposed unified legislation would emerge quite differently from each parliament. However, this is a situation that already exists today within the EU where there is the possibility that twenty-seven different parliaments can challenge and alter proposed EU legislation. This challenge is effectively managed by every EU government

and unified EU legislation is successfully created on a regular basis. If it is possible to manage this challenge across twenty-seven nations then managing the challenge between two nations should be quite possible (but not necessarily easy). If significant differences of opinion were ever to emerge between the two national parliaments then the solution to this has again been devised within the EU framework of government; the opt-out. Currently five EU member states have negotiated opt-outs from EU legislation and treaties. If common ground on any proposed unified legislation cannot be found between the two national parliaments then the negotiation of an opt-out will be an obvious course of action.

## **A new structure of government will be established in the United Kingdom**

The parliamentary process of government in each nation will operate much as it does today. Parliamentary elections will elect members of parliament and the party that gains enough seats to form a government, or can create a coalition to form a government, will take power. The leader of the ruling party will become First Minister and the First Minister will form a Cabinet. The government in each parliament will manage the legislative programme and conduct parliamentary business in the normal manner. Each national parliament will have full control over the portfolio of powers that are reserved for each nation.

Beyond this, however, the governance of the United Kingdom will be built on the new frameworks of government envisaged in this blueprint. As figure 2 illustrates, each national Cabinet will select a team of ministers to join the new United Kingdom Cabinet. As the United Kingdom Cabinet will operate within its own pre-defined lifecycle, divorced from the lifecycle of the national parliaments, it is quite likely that when a new government is elected for a nation the ministers selected to participate in the United Kingdom Cabinet will be joining a cabinet that is in mid-term. These new ministers will be replacing the previous team of national ministers, which of course may have been themselves. Each new minister will be appointed to one of the vacant roles in the United Kingdom Cabinet; they will simply replace the previous incumbent. The new First Minister joining the United Kingdom Cabinet will take on the role of United Kingdom Prime Minister or Deputy Prime Minister depending on which role is vacant. These allocated roles will continue within the United Kingdom Cabinet until the term of the Cabinet ends and the members of the United Kingdom Cabinet are required to rotate roles.

The creation of this new Union will result in the continuation of a number of unified departments of state, and possibly the creation of new departments. The actual departments of state that exist will be subject to negotiation and agreement but the unified departments are likely to be:

- Cabinet Office - Just as the Cabinet Office today is responsible for supporting the Prime Minister and the Cabinet of the UK, the proposed new Cabinet Office will perform the same function. It will co-ordinate the delivery of unified government objectives and policies across the other unified departments. However, it will also be responsible for coordinating these activities across the two national governments by liaising closely with Cabinet Offices in Britain and Scotland;
- Foreign Office - this department will operate much as it does today being responsible for promoting the interests of the United Kingdom as a whole overseas. Although this department will be responsible for representing the United Kingdom as a whole it will need to achieve this by ensuring that the national policies of each nation are being fully taken into account;

- Defence Office - the defence of the United Kingdom will continue as it does today with a unified defence force and unified defence administration. Very little will change in the way this office is run and administered. There will be a number of important implications resulting from unified defence including the acceptance by many Scots opposed to a nuclear military presence on Scottish soil that this presence will still need to be maintained. This will be one of many concessions that will be necessary to cement the new Union;
- Europe Office - the management of affairs in Europe on behalf of two governments will be a significant undertaking and the creation of a new department of state for undertaking this activity is envisaged. Although the United Kingdom minister for Europe will be responsible for most of the interaction with Europe there will also be a need for the national governments to participate. This situation already exists today with UK and devolved ministers meeting at regular intervals through the Joint Ministerial Committee (Europe), chaired by the Foreign Secretary, to "*discuss matters bearing on devolved responsibilities that are under discussion within the European Union*" (Cabinet Office, 2010). Additionally, as is also the practice today, national ministers will attend relevant international negotiations when these negotiations are likely to have a direct impact on national interests e.g. EU fisheries negotiations. It is expected that the protocols that exist today can be adapted to meet the proposed new structure of new United Kingdom government.

In addition to these four principal departments of state it is envisaged that a Finance Directorate will be required to manage the funds of the United Kingdom administration. It is also envisaged that a Prime Minister's Office will be required to perform the role undertaken today by Ten Downing Street.

### **There will be equitable funding for the new United Kingdom government**

Today, one of the most common criticisms of the current Union is the perceived disproportionate funding received by Scotland. In the new Union this situation will not exist simply because the governance of Scotland will not be funded by a UK government. In the new Union both nations will fund both themselves and the new United Kingdom administration in an appropriate and equitable manner. The funding of the United Kingdom administration will be based on the funding mechanisms that are already used to fund the EU. The EU obtains its funding from a number of sources but the principal source, estimated at 70% of total revenue in 2007, is the collection of revenue based on the gross national income (GNI) of each member state. At present the uniform percentage rate that is applied to the GNI of each nation is 0.73% (Europa, 2012b), This will be the primary mechanism used to fund the new United Kingdom administration. An appropriate uniform percentage rate will be agreed to establish the contribution to be made by both Britain and Scotland to maintain the new United Kingdom administration.

### **The new Union could incorporate all the nations of the UK**

This blueprint has focused on the creation of a new Union between England and Scotland and no consideration has been given to the other nations of the UK. However, the impact that a new Union between England and Scotland will have on the other nations will need to be considered. This blueprint provides no recommendations on this. It will be for the other UK nations to

negotiate their relationship with England and the new United Kingdom. One outcome from these discussions could be that there will be no change to the existing relationships. However, the new Union between England and Scotland could lead to an even more radical change of relationship between all the nations of the United Kingdom.

The new structure of government proposed in this blueprint could easily be adapted to incorporate other nations of the UK, as equals, each with their own parliament and with ministers in the new United Kingdom Cabinet. It would be quite simple for the new Union of two to become a new Union of two or more. If this were to happen the structure of the new Union could take a form similar to that illustrated in figure 3.

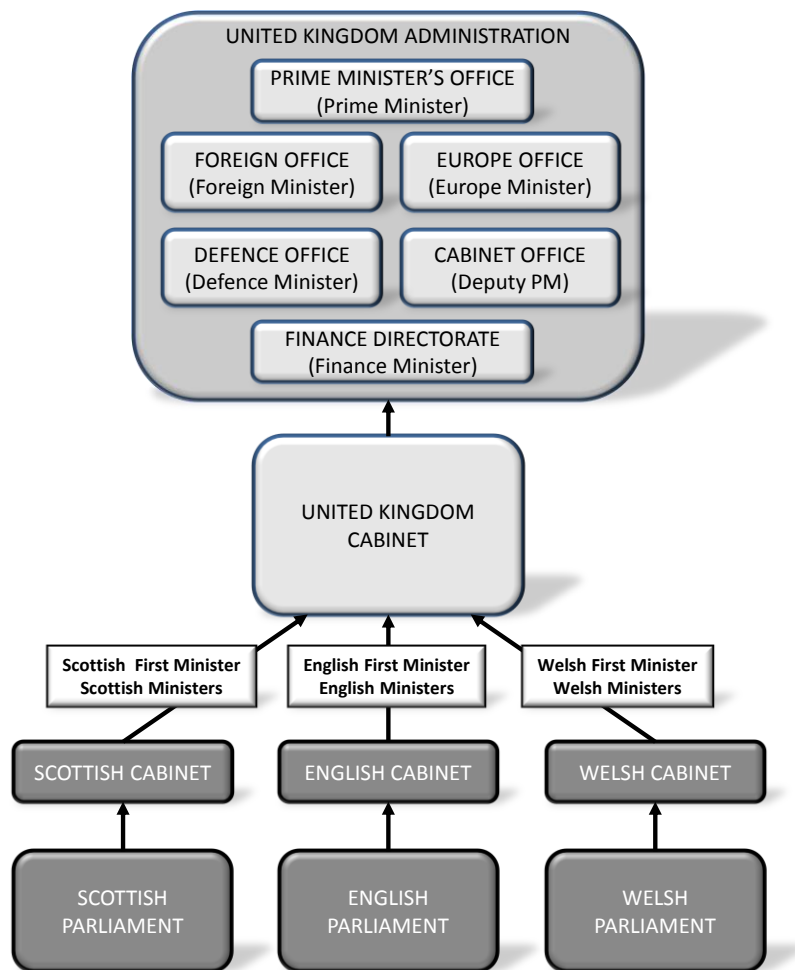


Figure 3 – An Extended Union of Equals - The United Kingdom Structure of Government (Simplified View)

Creating a Union of British nations on the basis of the proposals in this blueprint would establish an innovative model of government. This model of government would result in a fundamental change to the relationships between all the nations of the UK. It would create a state where the aspirations of those seeking self-government would be fully attained whilst maintaining a strong united bond between the nations that share the British Isle. It would truly be a Union of Equals

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