



WALES 2030: SEVEN STEPS TO INDEPENDENCE

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WALES NEEDS A PLAN.

A plan that sets out a clear and credible path to independence. A growing number of people are coming to the view that the only way we can face the challenges and grasp the opportunities of a changing world is to change Wales.

And that change can only come through the most fundamental change of all: to own our own future as a people and a nation.

Devolution, so famously said Ron Davies is a process and not an event. But it was in reality an event, a referendum, that began a process. Independence is the reverse, an event – a referendum – that will be the culmination of a process over the course of a decade.

You do not win referendums during referendums, of course. In that sense there is no short-cut to Welsh independence.

But the time to talk in vague terms about independence as a long term goal is over.

The process of nation-building that will lead to independence has to start now without delay.

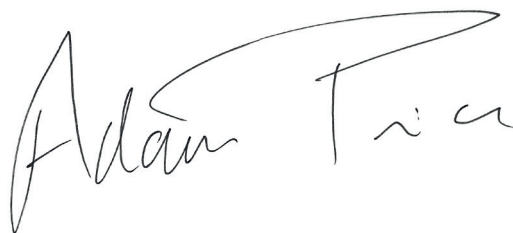
Semi-policies and soundbites will not get us there.

Welsh politics can be seen as a battlefield between those with old ideas, new ideas and no ideas.

Welsh independence is the biggest, most transformational, most radical idea of them all.

Anyone who seeks to lead our party needs to set out a credible plan as to how we achieve it.

Here is my proposal. Every plan needs to be refined and developed further but here is an outline of seven key steps to securing independence for Wales by the end of the next decade.

A handwritten signature in black ink that reads "Adam Price". The signature is written in a cursive style with a large, sweeping flourish over the name.

Step One: Elect a pro-independence Government in 2021

The first step in our pathway to independence has to be the election of a Government led by a pro-independence party. This is borne out by international experience, and in these islands, in Scotland. This is not just necessary to secure the mechanism by which to achieve independence but in order to build confidence through a nation-building process. Since Plaid Cymru is currently the only political party represented the National Assembly that supports independence it falls to us to be that Government. Securing a Plaid Cymru Government in 2021 is, therefore, the first necessary step in our pathway to independence.

Step Two: Pass a Wales 2030 Referendum Act

That Plaid Cymru administration will commit to passing a Wales 2030 Referendum Act. This will place on the statute book a requirement to hold a self-determination referendum on Wales' constitutional status by the end of the decade at the latest. This referendum will be multi-option in order to secure the widest possible support for a nation-wide debate about the future of the nation. It will explicitly include independence but also other options of democratic self-government for which there is substantial support. The legislation will also provide for the holding of a referendum earlier than 2030 if the Welsh Government so chooses. This could be the result of a significant change in the constitutional make-up of the UK, for example a successful Yes vote in a Scottish independence or Irish unity referendum, or a UK Government infringing Wales' national interests or democratic rights.⁽¹⁾

Step Three: Establish a standing National Commission to oversee the Wales 2030 process.

Creating a new Wales is not the work of one party, it is the work of an entire nation, all of its people and all of its perspectives. With that in mind a National Commission should be created to oversee the Wales 2030 process, separate from the Government and the Civil Service, but more permanent and better resourced than the time-limited Commissions (Richard, Holtham, Parry-Jones) that have existed in the past. The Commission will have the mandate of determining the various options that will be put to the Welsh people. In order to ensure that the people are able to make an informed decision they will be responsible for the production of detailed work sector by sector, say on the impact of independence on pensions, currency, or defence, based on the stated negotiating policies of the Welsh and UK Governments.

The Commission will also oversee a Constitutional Convention which would draw up a draft Constitution for an independent Wales. A Convention would become in effect the second chamber of our parliament, with representatives from the Youth Parliament, the various statutory Commissioners, civil society representatives and citizens chosen at random deliberating over suggestions crowdsourced through a mass exercise in participatory democracy. Nothing could excite more interest in the idea of independence than involving the people in the process of writing their own constitution. .

Step Four: Be Bold, Radical and Visionary.....and get re-elected in 2026

The future can only be born out of the present.

To quote the great Brazilian visionary Paolo Freire, the watchword of the first ever Plaid Cymru Government should be:

“What can we do today so that tomorrow we can do what we are unable to do today?”

We must act as if we are already independent. Pushing the boundaries of the possible, politically, legally, practically. Because the more independent we will act, then the more independent we will become.

That is why the next, next First Minister has to be a visionary. An innovator. An entrepreneur. A creative thinker and bold practitioner.

We must be the difference we want to see.

We must aim to be the best country in which to be young – embodying a sense of excitement and possibility. But we also can show to the elderly how we can draw upon our rich sense of community to devise a better care system, better social housing and a better quality of life. For those in work we should contrast the economic failings of a dismal and unequal Britain with a bright picture of a productive Nordic style Welsh economy which will be the basis for vastly improved public services and economic justice.

For the poor we should simply demonstrate by our actions that we aim to abolish poverty itself.

Independence, in that sense, can never be the safe or 'middle of the road' option.

When we have tried to avoid saying anything that might frighten the voters – in 2003 and, again in 2011 – we ended saying nothing at all.

Independence is the radical choice, but we must marry bold creativity with rigorous determination.

Getting re-elected will mean pointing not to the abstract but to the tangible and concrete differences we have made, to the deep and lasting changes to the way people in Wales are able to live their lives.

Because that surely is our most potent message.

Look at what we have achieved within these limits, imagine what we could achieve as a nation unfettered and free.

Step Five: Reduce Wales Fiscal Gap to 6% by 2030

The national fiscal balance is probably the most pressing issue we have to face up to.

The headlines generated by estimates of the various attempts to quantify the 'financial black hole' at the heart of the Welsh public finances have hardened attitudes that we cannot "pay our own way".

The idea that we are too poor to stand on our own two feet is a persistent myth peddled by the opponents of independence. It is important to turn this argument on its head at every opportunity. We are relatively poor (within the UK) because we're not independent. This argument can be supported by a wealth of international evidence that points to small, independent countries being among the most economically successful worldwide.

However, winning the argument about the long-term economic prospects of an independent Wales only gets us so far. At the point of decision we need to be able to demonstrate that there would be no major negative consequences. The question of the GVA gap between Wales and the rest of the UK is a relatively abstract concept for most people. It's another gap that has more relevance to people in their decision-making and that's the fiscal gap: the difference between what Wales currently spends on public expenditure and what we raise domestically in taxes. Now, an independent Wales should not be under an obligation to balance its books, as most advanced countries are currently running a fiscal deficit. However it needs to be at a level that is sustainable so that there will be no disruption to public services or welfare payments like pensions.

In 2016/17 Wales had a negative net fiscal balance of £13 billion, or over 20% of Welsh GDP. But that does not represent the true position of an independent Wales. By lowering defence expenditure, netting off the Welsh share of UK government assets against liabilities and agreeing a fairer apportionment of accrued pension rights – building on work already done in the case of Scotland - we can arrive at a projected deficit for a nominally independent Wales of just over 12% of GDP by 2021. This is double the 6% that is the starting point target for independence proposed by the Scottish Government.

Halving the deficit over the course of the decade would mean that by 2030 our fiscal gap would be sustainable, and we'll have proven that Wales is not too small to stand on its own two feet.

Step Six: Increase Welsh GDP growth rate between 1% to 1.5%

Closing the fiscal gap by 2030 will by necessity mean increasing tax revenue – not by raising tax rates but by raising economic performance. Though GDP is by no means the sole arbiter of economic wellbeing it will be necessary in the short to medium term to increase Welsh GDP. Specifically we will need to increase the Welsh economic growth rate to 2.8% per annum in real terms over the nine years to 2030/31, 1.3% above the projected UK growth rate of 1.5%. This compares with an average Welsh economic growth rate between 2010 and 2016 of 1.8% and a forecast rate of 1.5% over the next ten years.

Increasing Wales' economic growth rate by 1% to 1.5% over the best part of a decade is challenging but by no means beyond the realms of the possible. Economists refer to these prolonged periods of economic upswing as growth accelerations – defined by Harvard economist Ricardo Hausmann as rapid increases in economic growth sustained over at least eight years. There have been more than eighty instances of this in modern economic history – and probably the best known is the Celtic Tiger phenomenon when Ireland doubled its GDP between 1987 and 2002.

Ireland, of course, was able to avail itself of the full toolbox of economic levers available to an independent state; it's important to recognise the limits of what is possible given the constraints of devolution. However it is possible to push those limits to the outer realms of the possible.

Later in this campaign we will unveil the kind of National Economic Strategy that will help us achieve the exacting targets for economic growth necessary to make independence an attractive and feasible option for the majority of the population.

Step Seven: Create a new Welsh Media

The last step is probably the most important of all. For the best persuasive of arguments will fall by the wayside if there is no one there to hear them. We cannot build a new Wales in a vacuum. With the London-owned media ignoring the reality of Welsh life, we have to create our new reality through creating our own new media. The National Commission will, therefore, be mandated to fund a new plurality of platforms, locally and nationally, for the dissemination of information and the encouragement of debate that are the cornerstones of the new Welsh democracy we aspire to become.

Personal Postscript

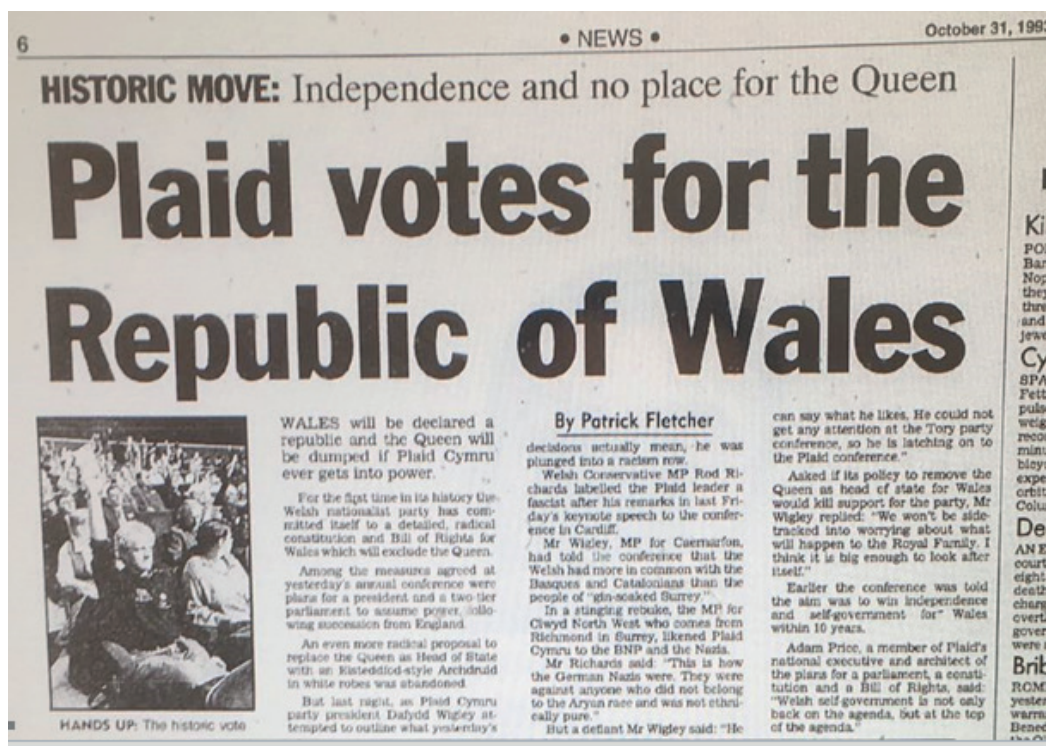
Independence is the reason I joined Plaid Cymru and the reason I have remained a member for 36 years. I have always been consistent that we should make it our express purpose to achieve an independent Wales, and sooner not later.

In 1993, as a 23 year old Director of Policy, I drafted the constitution of an independent Wales – which the party duly adopted. Wandering the streets that Sunday the hoardings of Cardiff newsagents carried a three word poster from the Wales on Sunday: "Wales a Republic".

Twenty five years later I've never wavered from that dream, but it's surely time now to turn all our declarations of intent to a much more durable declaration: independence itself.

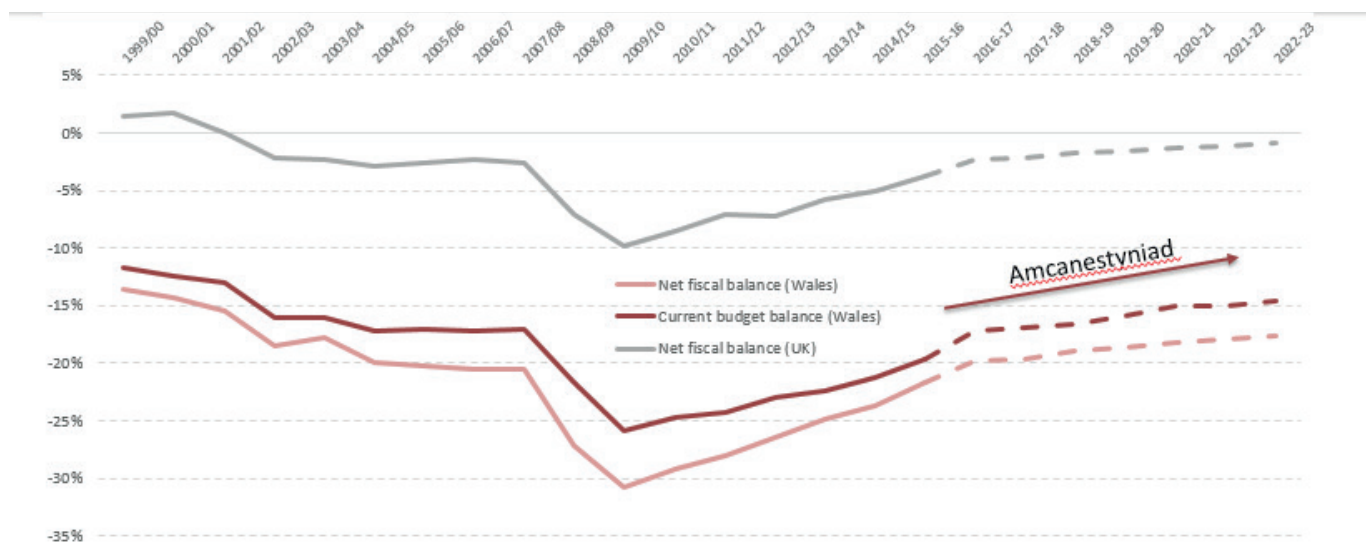
Adam Price

Llanegwad, August 2018



Note on Wales' Fiscal Position

In 2016/17 according to the Office for National Statistics public expenditure for Wales was £39bn, revenue was £26bn leaving a net fiscal balance of -£13 billion, equivalent to around 22% of GVA. It's useful to recognise that this situation has been improving over the last few years and is forecast to continue to do so (as can be seen from the following graph courtesy of Cardiff University).



However, this level of deficit remains high by international comparison. It is important to recognise, however, that this is not a calculation of the fiscal balance of an independent Wales. To calculate this we need to look deeper at some of the assumptions behind some of the figures. There are three main areas of adjustments that need to be made in calculating the fiscal position of an independent Wales:

- So-called non-identifiable public expenditure is expenditure by the UK Government apportioned to Wales but spent outside of Wales on our behalf. Over 40% of this figure consists of defence expenditure. The Treasury in its own estimates which are the basis for the ONS' own work Wales spends approximately £1.8 billion on defence, about half the amount we currently spend on education. It is reasonable to assume that an independent Wales would have different priorities. If Welsh defence expenditure was set at 0.45% of GVA, similar to that of the Irish Republic, then that would mean a saving of £1.45 bn.
- The estimated Welsh share of UK Government interest bearing debt in 2016-17 was £1.9bn. This is based on a Wales per capita share of UK Government debt of approximately £64bn (based on UK Whole of Government Accounts 2016). . Legally an independent Wales is not under any obligation to finance UK debt at all (a point made in the Scottish Government's recent Sustainable Growth Commission final report). An independent Wales could, in any case quite legitimately, reduce any liability by netting off its share of non-current UK Government Assets (not including those assets already located in Wales), which in per capita terms, would amount to £40bn currently. This would reduce the debt payment amount currently by £1.2bn.
- The final area for revision, and probably the most complex, is pension liabilities. Currently £5.1 is paid out annually in old age pensions in Wales and £0.5 bn in pension payments to former or current UK Government departments or organisations. In the Scottish referendum the SNP maintained that pension rights accrued by UK Citizens pre-independence would remain the financial responsibility of the successor UK state, and this was confirmed by statements made by the UK Pension Minister and by the DWP during the referendum campaign. The Scottish think tank Common Weal has made its calculations of the fiscal balance of an independent Scotland on the basis of this 'accrued rights' argument.

The recent Sustainable Growth Commission report did not rely on this approach in making its recent calculation of Scotland's net fiscal position adopting a more conservative approach to any future negotiations. However, given a number of specific factors in Wales' case – our relative impoverishment and the much higher proportion of Welsh pensioners who have spent the majority of working rights outside of Wales then the argument in favour of an ongoing 'social security union' for a transitional period based on 'accrued rights'

(a concept from customary international law that has come to prominence in the discussion over Brexit) makes more sense. This could, for example, be based on an agreement to fund the accrued pension liability on a 50/50 basis initially, reducing the Year One pension liability by £2.8bn – the ‘middle scenario’ suggested in Common Weal’s 2016 report on the fiscal position of a post-independence Scotland’ .

These three measures would reduce the initial fiscal deficit position of an independent Wales currently by £5.45bn to £7.9bn in 2016/17 which represents around 13.4% of GVA. Based on current trends (and OBR projections of UK fiscal balance) then by 2021/22 the net fiscal balance of an independent Wales (on the basis set out above) would be 12.4%.

Of course achieving the outcome set out above will depend on our ability to negotiate well. However, it is important to note that Wales does not lack important leverage in these negotiations. In particular, Wales is a vitally important exporter of water and electricity to the rest of the UK (rUK), though we currently receive little or no benefit from either, nor have we over successive generations. Under these circumstances it is clear that it will be in the interests of the rUK as much as our own to achieve a mutually fair agreement that reflects the balance of rights and responsibilities.

One final important issue is avoiding incurring future liabilities which would be difficult for an independent Wales to sustain. On this basis the party – at national level – must be clear in its opposition to Wylfa B. The nuclear plant is designed to provide more electric power consumption than the whole of electricity demand in Wales. Even though demand for electricity is likely to rise it will still require a significant amount of this electricity to be exported, Wylfa B/Newydd would therefore require a similar contract to that which has been agreed with by Hinkley C. If Wales were to become independent it would be dependent on such a contract continuing to defray the capital repayment and servicing costs of the project. If it could not secure adequate purchases from English customers at what is likely to be a much higher than market price, then the burden of paying for the electricity would fall on either Welsh taxpayers or Welsh energy consumers. This would be an enormous burden. It could lead to the premature decommissioning of the power station which would accelerate the decommissioning costs.

Decommissioning costs are themselves unpredictable and historically have been radically underfunded. Any unfunded costs would fall on the Welsh state unless an agreement had been made with the owners of the nuclear facility to fund any shortfall - but even this commercial guarantee would leave an independent Wales with an enormous contingent liability. It is difficult, therefore, not to agree with the conclusion reached by Madoc Batcup in the Energy Policy options paper commissioned by the party in 2013

“It would represent a huge risk for any future Welsh government, and potential or perceived liabilities on this project alone could jeopardise the financial standing of any future Welsh government, and were it to be built would likely be an important negative factor in discussions on independence, precisely because questions would be raised as to the ability of an independent Welsh government to shoulder those risks.”

As things currently stand, therefore, it is possible to support Wylfa B or Welsh independence: it’s difficult to see how it is possible to support both.

(1) The consent of the UK Parliament would need to be sought to make any referendum effectively binding as was the case with the Scottish Independence Referendum Act of 2014. In the event that the UK Parliament refused then the Welsh Government could proceed unilaterally using its power to hold an advisory referendum though could this be challenged the Supreme Court as was the case in Catalonia. The Scottish Government’s White Paper on a second independence referendum is premised on the UK Government acceding to any request for a referendum backed by a majority in a Scottish Parliament.