



# **Yes to a Just Scotland**

**Response to the  
STUC's interim report**

FEBRUARY 2013



## 01 Introduction

The STUC has played a vital role in Scotland's constitutional journey as a leading partner in the coalition that delivered a Scottish Parliament.

Then, as now, your focus has not been on a parliament or powers for the sake of it, but on how that parliament and those powers could be used to improve the lives and life chances of people across Scotland. This is the right approach and one we hope comes increasingly to the fore in the wider debate on Scotland's constitutional future.

As we move forward in this next phase of Scotland's home rule journey, the STUC has once again claimed a central role, and *A Just Scotland* puts the right issues at the heart of this debate.

When the people of Scotland come to put their cross on the ballot paper in autumn 2014, they should do so having made a clear assessment of the two potential futures that are on offer with a Yes and a No.

We do not claim that the trade union movement will get all that it argues for in an independent Scotland. Social justice won't win by default, just because we become independent, but have no doubt those arguments for social justice – made by the STUC and others – will fall on more fertile ground. And, with independence, we will have a Parliament fully capable of delivering on social justice, if the people of Scotland so choose.

We are confident that the work of the STUC in the months ahead will prepare Scots for this decision. Your efforts will allow voters to give an informed answer to the real question we will be facing on Referendum Day: which choice, yes or no, will enable us to do most to deliver a fairer, more caring, more sustainable future for Scotland?

Yes Scotland is, therefore, delighted to deliver this formal response to *A Just Scotland*: interim report. We see it as the start of a conversation and pledge to engage further in this important process in the weeks and months ahead.

We believe wholeheartedly that, through a 'Yes', the trade union movement will be able to deliver more of its agenda than through a 'No', and that, surely, is the key consideration for the STUC, your affiliates and their members. We look forward to making this case as the conversation develops.



**Blair Jenkins**  
Chief Executive

Yes Scotland



## 02 A fairer Scotland

### **Why is independence the right choice now?**

It is becoming increasingly clear that Westminster isn't working for Scotland and we need a change of direction. This isn't about one government or one parliamentary term, but about an economic and social path that has been followed for more than 30 years now, with changes of government resulting only in a change of pace rather than a change of policy direction.

Investment in and around London is deemed most economically efficient and this has resulted in a growing economic imbalance across the UK: in terms of social and economic cohesion, the Westminster system is breaking up Britain.

Westminster policy is targeting the most vulnerable in our society. Welfare changes are pushing more and more families into financial hardship and austerity as an economic policy is consigning thousands of Scots to unnecessary unemployment or under employment. Already the UK is the 4th most unequal society in the developed world and is on track to become the most unequal. Scotland is being taken down the wrong path.

### **Will an independent Scotland be a more socially just Scotland?**

The evidence of the past 30 years tells us that alternating Labour and Tory governments at Westminster will not create a social democratic Scotland and yet a 'No' will leave welfare and economic policy in Westminster's hands.

However, as an independent country, the people who care most about Scotland, that is the people of Scotland, will be in charge. We have the greatest stake in making Scotland a success. With Scotland's future in Scotland's hands, we have the opportunity to create a more socially just nation.

Independence is about having the ability to choose a different future for Scotland. It is about being able to make Scotland the sort of country we want it to be: we believe the consensus in Scotland means a Scottish government will do more to build a more caring society – a nation that feels more like a community.

The gap between the richest and poorest is widening in the UK and, as a result, families are finding it increasingly difficult to make ends meet. That is the reality of where we are today. Independence will give people in Scotland the opportunity to halt Westminster's damaging changes to our society and to choose a different approach where wealth and opportunity are shared more fairly.

### **Can a fairer Scotland be delivered with independence?**

Scotland is wealthy enough to be a fairer nation. We've got what it takes to be a successful independent country. That includes public finances that over the past 30 years have been stronger than the UK's to the cumulative tune of £19 billion. And according to HM Treasury, Scotland has matched the UK's finances to within £1 per person, each year, over the period since devolution.

We have strength in depth across our economy, including universities that sit at the top of world league tables, 25% of the EU's offshore wind and tidal potential and industries such as food and drink, bioscience, tourism and engineering. We are one of the wealthiest nations on the planet but at the moment that wealth is not fairly shared. With independence we can make Scotland the sort of country we all know it should be.

### **What will independence mean for social justice across the isles?**

Some in the trade union movement argue that Scotland should not move to independence because real progress will only come when we work together with people in Newcastle, Belfast or Liverpool, Manchester, London or Cardiff.

However, in areas where policy is already devolved, action in Scotland has arguably accelerated progress elsewhere in the UK. Just as Scotland looked to Ireland when we adopted the smoking ban, England and Wales looked to Scotland when they followed suit. And policy thinking in Scotland in relation to alcohol minimum pricing is helping drive the debate down south (and elsewhere across Europe). If Scotland can be a beacon of progress in areas of health, where

responsibility already lies with Scotland, surely we can also be a beacon of progress in welfare or employability or the living wage as an independent nation? We can drive positive policy change across these isles by demonstrating in Scotland that a different approach works.

Some also argue that Scotland should show solidarity on social and economic outcomes, and we agree. Over the past decade the wealth per head of the North-East, West Midlands and Wales has fallen to less than half the wealth of London, and in the economic crisis, 85% of the jobs lost were in the north and west (while employment actually increased in London). There is a chronic economic imbalance on these isles which has not been halted or reversed by a change of government at Westminster. Economic orthodoxy remains that unemployment in the north is a price worth paying.

From a Westminster perspective, it may be in the UK's national interest for the north of England to be falling behind across the full range of economic measures. But a north of England that is getting relatively poorer is not in Scotland's national interest. A faster growing and more successful Scottish economy will benefit the north of England by providing a degree of counterbalance to London and the South-East.

Some of those who say that an independent Scotland will undermine the north of England are the very ones who are responsible for policy that has seen wealth and opportunity lost to the north of England, year on year, for decades. With independence, we can show real solidarity, in actions rather than just words, because a more successful north of England – our nearest neighbour – will be good news for Scotland.

### **Social justice is part of creating a wealthier Scotland**

Too often policies that are designed to promote social justice and tackle inequalities are seen as inconsistent with policies that promote economic growth. The leading economists involved in the Scottish Government's Fiscal Commission Working Group challenge this view. They argue that countries which are most equal are best placed to boost sustainable growth.

Professor Joseph Stiglitz, a member of the Commission, concludes that countries that are more unequal do not do as well, do not grow as well and are less stable. He argues that a concentration of income can restrict the economy in the long-run by limiting the potential of people to contribute in a productive way; while inequality may also restrict government investment in infrastructure, education and technology that is required by a modern economy.

Successive UK Governments have failed to address the issue of inequality. As the Commission points out "since 1975 income inequality among working age people increased more quickly in the UK than in any other OECD country".

In the view of the Commission, "without access to the relevant policy levers – particularly taxation and welfare policy – there is little that the Scottish Government can do to address these trends". This is a key finding for all those interested in delivering a fairer Scotland and highlights how new powers might be combined – such as by reforming the tax system or investing in quality childcare provision – to make Scotland fairer, reduce inequalities, and achieve sustainable economic growth.

Yes Scotland believes that while the status quo offers no realistic prospect of change, independence gives us a very real opportunity to build a fairer Scotland. And a key argument for the Yes campaign is that delivering social justice is also good for economic growth.

## 03 Meeting the challenge of A Just Scotland

This paper aims to meet the challenges of the interim STUC paper *A Just Scotland*, and to make the case that social justice and a fairer Scotland are more achievable as a consequence of independence.

It does not seek to guarantee or predict any one outcome from independence, but we believe that if social justice is at the heart of the independence debate and is a substantial part of the reason why Scotland chooses independence, then the delivery of social justice will, as a consequence, become an essential part of the early independence years.

Yes Scotland, and the parties and individuals who support an independent Scotland, can only go some way to making this happen on our own – outlining policies and possible approaches with independence consistent with achieving more social justice. So, it is also the wider responsibility of all those engaged in this debate to address seriously the issue of social justice and we welcome the role the STUC is playing in making it happen. In response, we will work to set out why our aim of gaining independence is motivated and directed to creating a more socially just Scotland.

### The Policy Challenge

This paper is the start of this process. Yes partners will develop increasingly detailed plans for how Scotland can be fairer with the full powers and flexibility of independence, meeting the challenge of the STUC's paper to set out in more detail our vision for fairness. Yes Scotland would be happy to work with the STUC to explore how this particular aspect of future engagement can be taken forward.

The STUC is right that what particular policies might be implemented will depend on the expectations we have of independence as this debate develops. And whether the people of Scotland choose this path depends on their expectation, and their perception of, the viability and achievability of social justice in an independent Scotland.

The direction we take in this referendum debate will feed into the early years as an independent nation. A focus on artificially elevated barriers to independence will lead to a sterile debate and risks generating fear and division, whereas a focus on the real policy choices we can make if we do choose Yes can lead to a burst of creativity, energy and delivery in the first years as an independent nation.

Of course, how Scotland would use new powers, in terms of particular policies, is not for the Yes Scotland campaign to say – we leave that to the political parties. However, we would urge the STUC as part of the next phase of *A Just Scotland* to seek out specific policy proposals from all of the political parties so that people across Scotland can develop a fuller understanding of what independence will mean beyond the starting point that will be set out by the Scottish Government in its independence white paper.

**PROPOSAL 1: We would urge the STUC as part of the next phase of *A Just Scotland* to seek out specific policy proposals from all of the political parties so that people across Scotland can develop a fuller understanding of what independence will mean beyond the starting point that will be set out by the Scottish Government in its independence white paper.**

To support independence is, for many, to believe we could and would follow a better path than the one we are on, towards a more just Scotland.

We are fortunate in Scotland that there is a different balance of consensus around issues of social justice and social democracy – a consensus held by citizens, civic groups and organisations, as well as political parties, and indeed by some of our most successful entrepreneurs. With independence we can create a virtuous cycle of enterprise and compassion whereby jobs and investment create growth, helping to deliver a more equal and caring society.

Independence would place social and economic powers in Scotland, which could be used to pursue a more successful and sustainable economy and a more socially just society. There is every reason, given the electoral balance within Scotland, to believe such powers would be used for this purpose. This is central to the case that with independence Scotland would become a fairer country, on a better path towards a more just Scotland.

As we set out in this response, Yes Scotland is keen to explore the ways that independence could and would make social justice more achievable in Scotland. We recognise that this sort of analysis is central to the STUC's own Just Scotland process and we would therefore look to maximise opportunities for groups who believe in social justice and are working for a socially just independent Scotland to engage with the wider trade union movement.

We would therefore be keen to work with the STUC and its affiliates to develop a programme of grassroots engagement focused on exploring the policy options that would become available in an independent Scotland.

**PROPOSAL 2: We are keen to work with the STUC and its affiliates to develop a programme of grassroots engagement focused on exploring the policy options that would become available in an independent Scotland.**

### **The Information Challenge**

As the STUC have said, to present this case, we need to give trustworthy and clear information as part of an open debate, which means, among other things, being very careful about the quality and accuracy of the information used. No matter the complexity, we must commit to ensuring that clear facts and plain arguments are the basis of our case.

A perceived failure to meet this standard was highlighted in the Just Scotland report, which pointed to weaknesses in the presentation of figures on the cost or benefit of independence, offered by each campaign. Yes Scotland accepts the STUC suggestion and we have developed the relevant section of our website to reflect the more multi-layered financial picture and have also included links to the counter argument put forward by the No campaign.

## 04 Yes for A Just Scotland

We agree with STUC that the areas identified by *A Just Scotland* are key areas that will impact on a socially just future.

It is the economic powers, the areas of welfare, universal provision, labour market regulation and reform, and more broadly the distribution of wealth, the nature of work and the state of the economy that determine whether any society can work towards more social justice and fairness.

The independence debate provides a unique opportunity for Scotland to address key questions, allowing us to think about how Scotland’s economy and society could be geared towards creating a fairer society. Yes Scotland wants to ensure we take this time to think about how the economy in Scotland does work, and can be made to work better.

We relish this opportunity to engage with the trade union movement and others and to make the independence discussion a process of critical reflection for as many as possible; to create a new culture of such thinking. We believe this process will, in itself, help equip our country for independence, if we choose that path; for we believe that out of this debate and analysis will emerge strong and convincing arguments for why independence is what we need to achieve a fairer Scotland and, as importantly, strong and compelling policy solutions which can define our first years as an independent nation.

### Richer or Poorer

We have noted that both campaigns have now accepted an approach more similar to that of the STUC on Scotland’s wealth. Put into a more general international context, this amounts to a position of both sides admitting that whether Scotland will be slightly richer or poorer, it will remain among the most affluent countries in the world - an exciting position from which to start on a path to a more just Scotland.

So we begin with both sides of the debate accepting that Scotland has the financial foundations it needs to be independent. This allows us to move from arguments based on ‘could we be’ to ‘should we be’ independent and to focus on the options created by taking on new responsibilities and powers. It is also important to acknowledge that with a Yes in 2014, there is no doubt that all sides will work to use these new powers to take Scotland on the best possible path.

The Scottish Government’s Fiscal Commission has recently published figures confirming that Scotland’s economic output (excluding oil and gas) is 98.6% of the equivalent UK figure and that, outwith London and the South-East, Scotland is the best of the rest in terms of economic performance including, for example, GVA per hour worked as illustrated in Chart 1:

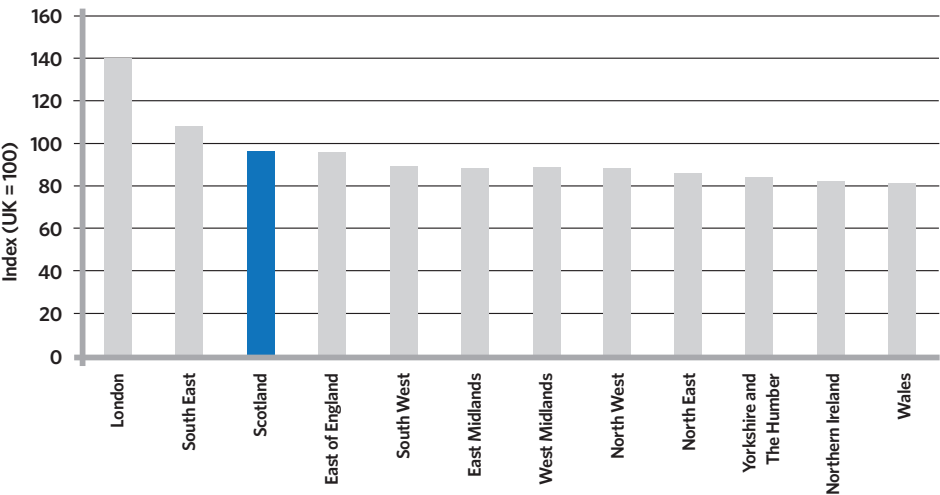


Chart 1: First Report of the Fiscal Commission Working Group, February 2013, referencing ONS

Given the importance of this part of the debate we encourage the STUC, as part of the next stage of the Just Scotland engagement, to set out its understanding of the key economic data to confirm that here in Scotland we do currently have all the wealth we need to make our nation fairer.

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We also know that at present our wealth is not shared as fairly or as equally as in other countries. This is the result, not of some inherent failing in Scottish society, but of policy choices made by those wielding the levers of power. With independence the democratic accountability of those wielding that power will be maximised – Scotland will get only the government it elects and therefore governments that reflect the underlying values and priorities of our society.

Social justice is partly a question of who has wealth and the opportunities that come with it. The current state of income inequality and division of assets demonstrate that we have not got the basic economic fairness required for social justice. This is in spite of all the evidence that it is the division of wealth in a society that is important and that the most equal societies are also the most successful economically.

Full powers would allow us to do things differently - there is a better way - and electoral evidence tells us there would be a will to do so:

- (i) we have seen the Scottish Government and cross-party COSLA working to ameliorate the impact of changes to Council Tax benefit and to increase support for those involved in providing benefits support and advice;
- (ii) there remains a majority in favour of key elements of the Scottish welfare model and we believe that the current debate on universal provision would take on a different character with independence, with Scotland's budget no longer being fixed, taxation being more flexible and useable and savings becoming available from the end of Scottish spending on UK programmes such as Trident;
- (iii) there is clear demand for more focus on industrial policy and manufacturing with the Scottish Government's efforts to deliver re-industrialisation through renewables one example of a wider policy debate, and,
- (iv) mobilisation behind a living wage has occurred at both national and local level with support from the two largest parties in parliament and local government.

In addition to these political factors pointing to a more favourable policy environment with independence, there is also clear room for more effective delivery so that currently devolved and reserved responsibilities work in greater harmony, whether welfare and health, employment and skills or innovation and taxation, to support sustainable investment in people and the expansion of opportunity within our economy.

### **Sustainable Economic Growth**

There are clear arguments both that reducing inequalities is good for working people, but also that it is good for growth and the overall economy. So we know we have wealth enough, if it is better distributed, to lead us to further prosperity, but that is only the starting point. The aim of independence must be to deliver not only prosperity that is more widely enjoyed but also prosperity that is real and sustainable for the future.

Delivery of greater wealth and wellbeing is perhaps also easier in a small country, as evidenced by the preponderance of small nations at the top of a range of world economic and social leagues, from competitiveness to happiness, including the United Nations Human Development Index featured in Table 1.









Rank		Country	Value	Value (adjusted for inequality)
1		Norway	94.3	89
3		Netherlands	91	84.6
7		Ireland	90.8	84.3
10		Sweden	90.4	85.1
14		Iceland	89.8	84.5
16		Denmark	89.5	84.2
22		Finland	88.2	83.3
28		United Kingdom	86.3	79.1

Table 1: United National Human Development Reports, 2011:  
<http://hdr.undp.org/en/statistics/>

Singapore-based economist David Skilling has identified three factors to explain this small country success: international trade agreements and globalisation have removed barriers to trade for small countries; the scale and nature of small countries makes it easier to agree and implement economic strategies; and small countries have a deserved reputation for policy innovation.

Given the distinct nature and perceived advantages of small economies, including shorter lines of decision making, greater policy responsiveness and flexibility, opportunities for streamlined delivery, high levels of social capital (including higher levels of trust and collaboration between government, business, trade unions and the voluntary sector) as well as greater social cohesion, and a growing academic and expert literature on this subject, we would urge the STUC to host a specific event as part of the next phase of *A Just Scotland* so we can fully understand small state dynamics in the context of the Scottish economy.

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Understanding any structural advantages that may be open to an independent Scotland, including the most appropriate policy responses to maximise that advantage, is as important a part of this debate as considerations around some of the more traditional levers of fiscal and macroeconomic policy.

We also want to think about alternatives to the current policy decisions given the outcomes that have been delivered for Scotland as a result of those choices by successive Westminster governments: long term growth of 2% compared to 2.8% for comparable European nations and increasing inequality. This suggests that the important powers currently

held at Westminster have, time after time, been used in the wrong way. The critique is not only of the welfare changes and austerity measure of today, which are clearly not working for Scotland, but also of the long term policy trends. Current Westminster economic orthodoxy is 'leading to a less fair, less equal and more unstable economy'.

### **Problem of Finance**

We recognise and acknowledge that the current economic crisis was formed out of general instability and imbalance in the economy, not just finance as reflected in the 2009 STUC Paper *'Rebuilding Collective Prosperity'*.

One of the main opportunities for an independent Scotland is to make clear and distinct policy choices to reflect national circumstances and to learn appropriate lessons from the financial crash.

The challenge is to remove barriers and blockages to investment today, while also reforming the system to ensure sustainability for the future: sustainability not just for the banks but for the wider economy. In this vein we hope that the next phase of *A Just Scotland* can include discussions on sustainable finance in Scotland, focused on both access to fair credit for individuals and lending for sustainable growth for the business sector. The aim must be to identify the sort of banking sector Scotland needs as we move forward.

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As part of this process the challenge would be not only to assess the most appropriate legislative, regulatory or policy changes to deliver more sustainable finance in Scotland but also to assess the ease and likelihood of delivery of change through the different constitutional options on offer.

### **Energy Markets**

The Scottish Government is currently engaged with the UK government as part of the Electricity Market Reform process. If a suitable agreement is reached the Scottish Government will seek to continue with the proposed new energy market arrangements following independence. This would include continuation of an integrated renewables obligation regime, which would be of benefit to all GB customers and fits moves to ensure greater integration across European energy markets. Their model of a separate energy regulator in a single market is common throughout Europe, for example on the island of Ireland and in Scandinavia. The Scottish Government is very happy to engage with the STUC and affiliates on these issues.

### **Monetary Policy**

The Scottish Government's Fiscal Commission has recently published its recommendations on a macro-economic framework for an independent Scotland. The Commission would see Scotland enter a formal monetary union with the remainder of the United Kingdom post-independence.

The Commission’s report considers the alternatives (as shown in Chart 2 below) and sets out why it believes retaining Sterling is the right choice.

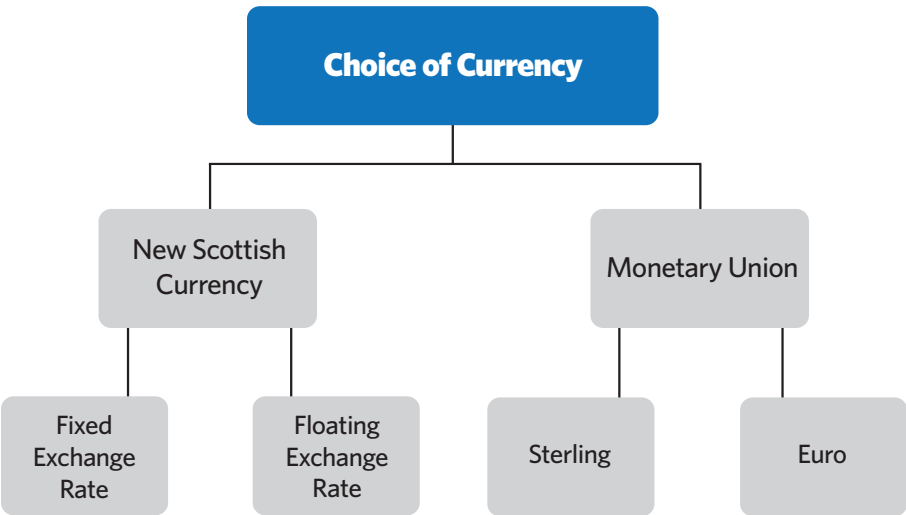


Chart 2: Choice of currency. First Report of the Fiscal Commission Working Group, February 2013

The Commission found that the creation of a new currency would give policy makers in Scotland maximum policy flexibility, subject to any practical constraints associated with establishing and operating a credible and sustainable currency and that the economic area of Scotland is sufficiently large to support its own currency. However, in the short-run, there would be a number of practical challenges associated with moving to a new currency, including the not insignificant steps required to re-denominate contracts and maintain intra-UK supply chains.

The key benefit of a monetary union would be the positive effect on trade. By retaining the same currency, a monetary union with the rest of the UK would eliminate transactions costs and exchange rate risks. The Commission also identified another key benefit as stability and uniformity in financial conditions across the currency zone.

Entering a monetary union with Sterling would largely be a continuation of the current monetary framework.

Some, as part of the *Just Scotland* process, have questioned whether Scotland, by retaining Sterling, would lose influence and crucial control over key aspects of monetary policy. The Fiscal Commission Working Group sets out what it sees as the balance of advantage for Scotland in the immediate post-independence period. It would, of course, be open to Scottish voters in the future to seek a different currency choice if they felt, at that point, it would be in Scotland’s best interests.

Given the interest we know exists among trade unionists and affiliate organisations, Yes Scotland will prepare an online summary booklet setting out key information on currency, including the Fiscal Commission’s findings and recommendations.

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### **Fiscal Policy and Social Justice**

The widely held view across the Yes movement is that now is the time for focusing fiscal policy on growth, not austerity. If Scotland were independent today we believe this would result in different budgetary choices by Holyrood in comparison to Westminster, allowing for action to generate and support employment through, for example, increased infrastructure investment.

However, Scotland is not independent today and this demands a different focus for discussion on fiscal policy and social justice.

The challenge in this debate is to move beyond a point of discussion that focuses solely on what movements up or down might be made to current tax rates – so that a view on independence stands or falls on potential penny changes to income tax or corporation tax, for example. Independence gives us an opportunity not just to play around on the margins with the current Westminster tax system, but over time to design a system that reflects Scottish needs and priorities: a system that can work to reduce inequality and support social justice. That is the exciting prospect and the one that should drive this area of debate.

A new approach might include greater integration of the tax and welfare system, debates about the relative value of taxes on employment or land or pollution or consumption, and reassessment of the weighting given to progressive taxes within the overall balance of the system. It should, as a starting point, move away from any assumption that the current system of tax collection in the UK, which has enabled a culture of tax avoidance to be fostered, is in anyway a suitable model for Scotland: how can we do it in a way that is simpler, fairer and more effective?

We hope the next phase of *A Just Scotland's* developing analysis and engagement can move the debate more firmly on to the bigger picture: what are the services and welfare system we want, what sort of revenue levels will we need to deliver on these ambitions and how can we make a fair tax system that is good for the economy, that gives us the revenues we need?

Then, from this base, we can assess the taxation levers that can be pulled to support growth in the economy, whether that is lower taxes on jobs, higher taxes on bankers' bonuses or tax incentives to encourage R&D links between investors and universities.

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### **Public Services**

We believe the STUC are right to highlight the problems of both funding and design of future services; and these should not be taken separately. Devolution gives us a limited capacity to deliver on both these aspects however maximum flexibility in terms of both funding and policy integration can only come with an extension of the parliament's competences.

Genuine reform of welfare makes most sense alongside the exercise of currently devolved competences such as health and care policy, while maximisation of outcomes in skills or education is best delivered in conjunction with currently reserved competences such as employment. Extension of the Scottish Parliament's competences would also aid the delivery of quality universal childcare, which could transform many lives and help the economy develop

productively and efficiently. And all of these reforms sit best within a context determined by the overall budgetary and fiscal approach of the government, rather than attempts to squeeze delivery and reform into a financial envelope set elsewhere.

While a market-based approach to public service reform is shared to a significant extent across the coalition parties and New Labour at Westminster, the record of the Scottish Parliament, under both Labour-led and SNP administrations, points to a very different approach and consensus. Given the limited powers of the Parliament to date, in many ways this consensus has been about limiting and resisting initiatives taken south of the border. With independence, and we hope *A Just Scotland* can aid this process, we can move the debate on to considerations such as a more proactive design of public services to meet Scotland's needs.

Scotland's health needs and age distribution, as well as its skills, economy, work and industry, all differ in important ways from those of the rest of the UK. So it makes sense for services to reflect this; to integrate demography with taxation, in such a way that we are able to care for the old and support the young. It is also crucial for the STUC and its affiliates to recognise that the status quo means a continuation of formula-based funding allocations. This will create specific challenges in this context – as Scotland's demographic balance (and policy response) moves in a different direction from the rest of the UK, an allocation based on English spending will leave a growing financial gap and significant new budgetary and delivery pressures.

### **Universal Services**

The universal services to which Scots have shown themselves committed are threatened by Westminster's austerity agenda. As *A Just Scotland* suggests, this makes a good case for independence.

We believe the debate on universalism that has been initiated in the Labour Party would not be taking place, certainly in the current form, if we were independent. Instead of having limited options within a fixed budget, independence would give policy makers a range of levers across both revenue and expenditure to protect key principles (around which there is wide consensus in Scotland).

So debate in the Labour Party in Scotland might be around whether or not to maintain a 50p tax rate or limit higher rate tax reliefs rather than whether or not to place restrictions on, or cut, free personal care or concessionary travel. An independent government would have more and different choices from the ones open to a Scottish Government today, with a full range of tools to deal with pressures arising from demographic change.

A rich, modern, civilised country like Scotland should be able to afford such services, if it so chooses. That should be the subject of political debate and choices made here, rather than being dictated by a political debate and choices made elsewhere.

### **Welfare**

Independence allows us to stop the changes being made by Westminster that we disagree with and believe are wrong for Scottish society. The consensus or balance of opinion as it exists in Westminster will no longer determine these policy issues in Scotland. That in itself is a major gain from independence, but it is, once again, only the starting point.

We anticipate that the STUC and partners will work closely with the Scottish Government and its expert group on welfare policy for an independent Scotland. As with other policy areas we recognise that part of this will be about the transition. However, equally important for the next stage of the Just Scotland process is creating the space for thinking about the best design for a Scottish welfare state as we move forward, including the ability to base both tax and spending decisions in this area on a set of principles that are good and fair.

As the Scottish Government and COSLA's response to Westminster's changes to council tax benefit suggest, the more powers Scotland has in these areas, the better it will be for the most vulnerable who are currently threatened by the 'bedroom tax' or the activities of ATOS, and for the 700,000 working people in Scotland (and as many as 1 million households) who will be hit by the welfare changes. Yes Scotland has no doubt the Scottish Parliament today would adopt a different approach and that is why we will be vociferous in our campaigning on these issues as powerful evidence that the powers of independence are the best option for Scotland.

As part of the next phase of *A Just Scotland*, and to inform the debate, we would encourage the STUC to investigate and publish in full figures showing the impact of welfare changes on Scotland.

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Alongside the different policy choices that could be made with independence, we would also like to emphasise once again one of the common sense aspects of a move to independence: the clear practical and delivery benefits that would flow from the integration of what should be complementary policy areas such as welfare and health and welfare and housing policy.

### **Higher and Further Education**

The recent focus on college funding - while highlighting the constraints of a Parliament on the basis of its externally-imposed budget - is only one part of a holistic policy of further education. Only with independence can Further Education and employability policy be integrated with a wider economic focus, to ensure that skills development connects with compelling and productive employment.

Westminster's budget cuts and marketisation of higher education present a challenge to Scottish principles of free, universal and fulfilling education. Scotland has used its existing powers to stick to a different path, a choice which independence will make easier given the greater budgetary flexibility future Scottish governments would enjoy. While the STUC is right to highlight the funding consequences that will flow from students from the rest of the UK no longer having to pay fees, it is worth comparing any additional funding pressure with just one of the savings that will flow from independence: the £50 million cost to Scotland of the House of Commons, House of Lords and Scotland Office.

As the interim report suggested, independence will also allow a more sensible approach to international students to be adopted, so that Scottish universities can continue to attract high skill students from across the world. Owing to the strength of Scotland's universities internationally, along with the commitment in Scotland to funding free education, we are confident that powers of independence offer the best guarantee of a better and fairer system of higher education in Scotland.

### **Civil Service**

An independent Scotland would take responsibility for matters currently reserved to the UK Government. There will be a continuing need for public services currently delivered by UK Government Departments and public bodies. The Scottish Government has indicated that political accountability and some delivery structures will change on independence, and providing continuity of services - including continued sharing services where appropriate - will be a key feature of discussion between the Scottish and UK Governments. Scottish Ministers have indicated to Yes Scotland that they are happy to engage with STUC affiliates on these issues.

## **Royal Mail**

The Scottish Government will be publishing proposal for the future of postal services in Scotland. Ministers have told us that they are happy to engage with STUC affiliates on these issues.

## **Pensions**

There are two important elements to this part of the discussion: first, arrangements for the transition to independence to provide trade unionists and their families with reassurance and confidence that their current pension entitlement will remain; and second, examining how policy in an independent Scotland could be developed to challenge some of the vast pension inequality that has built up in the UK.

Yes Scotland has recently published answers to some of the most common questions about independence, including people's queries about their pensions. Questions dealt with include arrangements for public sector pensions such as those for teachers, the police and NHS staff, as well as what will happen to pensions for civil servants in UK-wide schemes or for employees of UK-wide public sector bodies such as the Royal Mail. Continuity for these pensions, and for the State Pension, is set out as well as details of affordability and administration. Yes Scotland will prepare an online summary booklet setting out the answers to these key pensions questions, which trade union members and others will be able to access.

**PROPOSAL 9: Yes Scotland will prepare an online summary booklet setting out the answers to these key pensions questions, which trade union members and others will be able to access.**

A just society rewards work in various ways, but should provide a decent pension. Yet the gross pension inequality is the source of much of the wealth and assets inequality in Scotland and Britain.

As reported recently, the top 30% of households in the UK have so much money saved for retirement that it is worth more than their investments in housing and property despite surging house prices between the mid-1990s and 2007. By one measurement (called net present value) the value of the top 10% in the UK is £2.5 trillion, mostly in the form of pensions or savings – a sum that dwarfs the entire 2012 output of the UK economy. This is in sharp contrast to the bottom 10% of households who on average have negative financial wealth, owing an average of £3,900, as well as negative housing wealth.

We would encourage the STUC, as part of the next phase, to produce or to work with partners to commission research to enable us to better understand the balance of pension provision in Scotland so that policy solutions can be discussed bringing together considerations such as protection of workforce pension schemes, the future of public sector pension arrangements and the balance of pension relief and tax incentives within a specific Scottish context.

**PROPOSAL 10: We would encourage the STUC as part of the next phase, to produce or to work with partners to commission research to enable us to better understand the balance of pension provision in Scotland so that policy solutions can be discussed bringing together considerations such as protection of workforce pension schemes, the future of public sector pension arrangements and the balance of pension relief and tax incentives within a specific Scottish context.**

Independence offers the opportunity to view our various pension arrangements and structures in the round and work involving the STUC, at this stage, on next steps for Scottish pension policy – both state provision and private or workplace provision – would add value to the work already underway in government on transition arrangements. It would be part of a move away from policy discussions based largely on resisting or questioning changes proposed by Westminster to policy discussion based on what new and better structures we could deliver if the full suite of policy levers were held here in Scotland.

### **Labour Market and Rights**

Alongside concern over the direction of travel of Westminster economic and social policy, Yes Scotland recognises the widespread disquiet over proposed changes to employment rights. The lack of proper consultation on recent employment law changes indicates the lack of democratic involvement of trades unions.

We believe an independent Scotland would approach things differently, with an extension of existing social partnership arrangements developed during devolution. There is some good precedent for trade union involvement in Scottish government policy development, such as certain useful moves on skills utilisation. The Memorandum of Understanding is a formal agreement without an equivalent in the UK system. But to have much further involvement in important and effective areas, more powers of economic decision-making, as well as rules and regulations for industry, need to be in Scotland.

Connected to this is the issue of workers' rights. There is little appetite in Scotland for a further diminution of workers' rights; with strong support for the minimum wage and no sign that Scottish businesses are clamouring to participate in Westminster's latest proposal to reduce employment rights in return for a shareholding.

It is also difficult to conceive a Scottish Parliament adopting the same approach as Westminster on health and safety legislation, with its recent amendments in the Enterprise and Regulatory Reform Bill to shift the burden of proof on employer negligence. Although there is a different attitude in Scotland, attempts in the Scottish Parliament to make changes on issues such as Health and Safety have fallen because employment laws are not devolved – such as Dr Richard Wilson's Private Members Bill seeking to require companies to pay compensation for deaths in the form of shares.

Opposition to Westminster's direction of travel has not yet translated into more positive arguments for a reformed labour market suitable for Scotland's economic and social circumstances. However we hope this more positive policy debate will form part of the next phase of *A Just Scotland* as part of wider discussions on how we can improve the quality of work.

The opportunity for independence is also, then, an opportunity to discuss what could and should be done in terms of labour market reform, working rights, and the nature of work more broadly.

We also believe that political consensus in Scotland is such that an independent Scottish Government would not follow the UK government in seeking opt outs from EU-wide social protection. This provides Scottish workers with a guarantee of rights protection that unfortunately would appear to be under threat from current Westminster policy.

### **Community Empowerment**

We agree with the STUC that a big part of this debate is how democracy can be made to work better for Scotland and in Scotland.

Independence as a means to deliver more locally accountable and democratic government is a particular driving force for many of the key partners in the Yes movement.

Removing one layer of remote government, Westminster, which includes an unelected second chamber, opens up a range of possibilities for improving the way governance works in Scotland.

The process of establishing a written constitution will in itself engage individuals and communities across Scotland and the constitution could be used to entrench powers for local government or to enshrine principles of community empowerment in Scotland's new way of government. It will be part of a potentially energising debate on what democracy should look like in a 21st century nation.

The Scottish Parliament has taken forward this agenda with a range of legislative acts, including land reform in earlier sessions of parliament and community empowerment proposals in this session. Community empowerment is as much about economic and social power as democracy and engagement, and with the full range of policy levers at its disposal, we believe the Scottish Parliament would be able to build on its good work in this area.

### **Equality and Human Rights**

The Scottish Government has recently published proposals for the transition to independence and for a written constitution for an independent Scotland.

The constitutional platform for the immediate post-independence period includes the proposal that the current human rights limits on the Scottish Parliament's devolved competences are extended to also cover the parliament's new legislative powers. This would extend the human rights protection currently enjoyed in relation to acts of Scottish ministers and Acts of the Scottish Parliament to what are now reserved areas.

The Scottish Government's proposal for a written constitution also contains key principles to guarantee rights to a home and to free education alongside more traditional constitutional protections. We believe the debate on Scotland's written constitution will create great opportunities for all sections of Scottish society, including the trade union movement, building on our existing commitments within the EU and under the ECHR, to define the sort of country they want to live in.

### **Immigration**

The Scottish Parliament has given clear and consistent signals on its approach to immigration and asylum in Scotland, including powerful opposition to dawn raids and child detention and support for Scotland's many new communities.

With independence we will be able to design immigration policy to fit with the economy of Scotland and its different needs, including responding to the particular demographic challenges facing our nation.

### **International Affairs and Peace**

The political parties who are partners in the Yes movement have already begun to set out their stalls for Scotland's future defence and international relations posture.

This includes the SNP's proposals around 'gold standard' delivery of international aid commitments and proposed continuing membership of NATO, on the condition that nuclear weapons are removed from Scotland. The Green Party and others continue their opposition to NATO membership for Scotland. It seems as though the Labour and Conservative parties and the Liberal Democrats would stand for election in 2016 on a platform of continuing membership of NATO.

The Scottish Government will also be setting out as part of its White Paper process its proposals for the starting point for Scotland's international representation. Independence offers the potential for Scotland to develop a distinct international posture, with a focus on trade and aid rather than the current UK's focus on global military reach.

We would encourage, as part of the Just Scotland process, wider consideration of Scotland's strategic national interests and how these should be reflected in overseas policy. In particular, how we might seek to develop relationships post-independence on the British Isles through an enhanced council of the Isles and opportunities for developing new relationships with Scandinavia, including engagement with the Nordic Council.

**PROPOSAL 11: We would encourage, as part of the Just Scotland process, wider consideration of Scotland's strategic national interests and how these should be reflected in overseas policy. In particular, how we might seek to develop relationships post-independence on the British Isles through an enhanced council of the Isles and opportunities for developing new relationships with Scandinavia, including engagement with the Nordic Council.**

In addition, we believe the STUC has a crucial role to play in the developing debate on the future of nuclear weapons in Scotland. We hope that the STUC will update its work on the economics of Trident replacement to include independence scenarios.

**PROPOSAL 12: In addition, we believe the STUC has a crucial role to play in the developing debate on the future of nuclear weapons in Scotland. We hope that the STUC will update its work on the economics of Trident replacement to include independence scenarios.**

Given the ability to invest up to £250 million a year in savings from nuclear weapons in other projects and the use of existing Royal Naval bases on the Clyde for an independent Scotland's conventional forces, we reject completely arguments suggesting job losses in Scotland from a policy of nuclear disarmament.

## 05 The STUC's policy agenda and independence

1. Quality of Work/Living Wage
2. Public Sector
3. Industry
4. Rail
5. Education Inequality
6. Comprehensive Care
7. Childcare
8. Employment Rights
9. Health and Safety/Employment Tribunals

As is highlighted in both the Interim Report and the motions in §10 of the Preliminary Agenda, the potentials of independence affect policies on economy, taxation, welfare, public services, equalities, and many other areas crucial to achieving a fairer Scotland.

Yes Scotland is looking forward to engaging with the substance of the debates that will be raised at STUC Annual Congress later this year.

The points below pick up on a few issues raised in motions put to the STUC Annual Congress, and bring out the links between many of the motions put forward and the debate on additional powers and independence for Scotland. We hope that we can develop more extensive discussion and engagement on all of these issues and more, as we move forward.

### **1. Quality of Work - (4, 5, 8, 9, 70)**

To develop compelling and fulfilling employment (4), introduce a living wage (5, 70), and to ensure the quality and fairness of many jobs (in the public and private sectors, and through procurement (8, 9)) Scotland requires legislative powers that it will gain only with independence.

### **2. Public Sector - (1, 8, 43, 45)**

The attitude to public sector and provision of services (1) in Scotland compared to that of UK Governments is clearer than ever (8). To prioritise and redesign a public sector that is an active part of the economy (rather than one that reacts to cuts) requires independence and the integration of taxation and provision, as well as a recognition of the value of public services for users and workers (43, 45).

### **3. Industry - (1, 4, 109; 18, 20)**

A fully coordinated, active and democratic industrial policy (1, 4, 109), as well as the political consensus to develop manufacturing and industry that is suited to Scotland and its workforce, are significantly more likely to develop in a Scottish context, with a Parliament which has the capacity to pursue them. Furthermore, independence would allow Scotland to pursue different models of development, production, and ownership of key sectors like renewable energy (18, 20) if voters chose this path.

### **4. Rail - (28, 30)**

Independence would give the Scottish Parliament full powers over the railways, putting decisions on a renationalised rail service (28), or a rail system run on a not-for-profit basis (30), into the hands of the people of Scotland in future Scottish elections.

**5. Education Inequality - (33)**

A socially just approach to children and young people looks not just at education provision, but at the barriers and limited access to educational opportunities (33), such as the high rates of child poverty in Scotland (21% and getting worse). To challenge such educational inequalities in Scotland, and to work towards a truly comprehensive system, requires the ability to use the full range of powers that are available to independent nations.

**6. Comprehensive Care - (42)**

Delivery of a truly comprehensive, seamless system of care services as proposed by Unison (42) requires the integration not only of health and care services, but also of welfare, fiscal policies, and pensions. Independence makes it easier to deliver a more joined up approach, with reserved and devolved functions coming under the ambit of one government.

**7. Childcare - (89, 90)**

Independence would allow us to consider important social services like childcare (89) as fiscal investments: apart from their short-term benefits to children, families and staff, investment in childcare has positive impacts on work and economic production (90), reduces barriers to women's employment, and ensures fiscal policy aims for a socially just society for present and future generations.

**8. Employment Rights (51-54)**

The Scottish Parliament cannot currently deliver any alternative to the Westminster government's employment rights agenda (51-54); but with independence we would have the ability to choose a different path.





**9. Health and Safety and Employment Tribunals (62-64, 66)**

Attention has been drawn to changes to the strict liability rule, 'sneaked' into a Westminster Bill at the Report Stage (66); as have cuts to employment tribunals and changes to employer status (62-64). Independence would mean these decisions being taken in Scotland.





Do you have any questions about what a Yes vote  
in 2014 could mean for you?

-  **Online:** [YesScotland.net/thinkaboutit](http://YesScotland.net/thinkaboutit)
-  **Email:** [info@YesScotland.net](mailto:info@YesScotland.net)
-  **Visit:** Yes Scotland, 136 Hope Street, Glasgow G2 2TG
-  **Telephone:** 0141 221 4767

If you would like to get involved in the 'Yes' campaign.

-  **Join In:** [YesScotland.net/imvotingyes](http://YesScotland.net/imvotingyes)
-  **Shop:** [YesScotlandstore.net](http://YesScotlandstore.net)
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