

A New Agenda for Scotland

By Wendy Alexander MSP

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Throughout my adult life I have always believed in home rule for Scotland. I believe in it in principle because the Scots are a recognisable nation with their own culture, legal system and view of the world. And as a democrat it has always seemed self-evident to me that Scotland should have democratic control over its own domestic affairs.

Almost 30 years ago my first ever political campaign was stuffing envelopes during the 1979 Referendum. Almost a decade later one of my first tasks as Labour's Scottish Researcher was to organise Scottish Labour's consultation on participation in the Scottish Constitutional Convention. And in the 1990s, whilst working in business, I continued to write in my spare time about the case for devolution. Then in 1997 I had the privilege to work with Donald Dewar on the Referendum Bill, the White Paper, and the Scotland Act.

Ten years on I still believe passionately about the decision Scotland took in the 1997 referendum. There may, frankly, still be some within the Labour Party who believe that we have only made a rod for our own back, particularly after the results last May, but I, personally have no time for that view.

The Referendum was 10 years ago and more than 8 years have passed since I and others first took our places in that Parliament.

Bill Clinton once memorably told the Labour Party how for politicians of the centre left, even those in power, the phrase "it's time for a change" was not a threat, not even a challenge but should instead be a constant theme. For those of us on the progressive wing of politics, it is always "time for a change" because change is why people vote for us. It is not without reason that our opponents are labeled "conservatives".

I firmly believe it is time for a review of the Scottish Constitutional Settlement. However it is only by understanding the past that we can plan the future. So on this St. Andrew's Day I think it is an opportune time to reflect on the future of Scotland.

Contrary to popular myth, agitation for home rule for Scotland, by which I mean a domestic parliament to control Scotland's affairs, was **not** a constant theme of Scotland's relationship with England from 1707 onwards. The State that Scotland joined in 1707 remained from that time until the latter half of the 19th century largely concerned with the defence of the Realm, the conduct of foreign policy, and the promotion of external trade. Insofar as there was any embryonic welfare state it was provided through the Church, whose distinctive nature in Scotland had of course been specifically protected by virtue of the Act of Union. And it is interesting to note that the single largest domestic event in the first half of the 19th century, the Disruption, took place against a background of a perceived threat to that Church's independence.

As political movements of the Left grew however and sought to achieve their objectives through an expanded role for the State, so too arose a realisation that Scotland's identity might be under threat should that greater State role be centrally directed from the Westminster Parliament and Government. It was this, which led to the creation of the Scottish Office in 1885 and to the steady emergence of agitation for Home Rule for Scotland, particularly associated with Left, from the latter half of the 19th century onwards.

It is important I believe to distinguish between Scotland's demands and those of Ireland. Ireland (at least in the 26 counties) was a country which had essentially been conquered by England, whose religious traditions survived only in the face of overt hostility from the English (and, indeed, Scottish) establishment and whose citizens, partly in consequence of these religious traditions, continued to be treated by the British State in a manner depriving them of the full rights freely available to the English, Scots and Welsh. It is no surprise therefore that no amount of limited Home Rule within the Union was ever likely to satisfy the majority of the Irish.

Scotland on the other hand had entered into a partnership union with England; and all the historical evidence suggests the population benefited disproportionately from joining the “British” Empire that they and the English had built together. It is therefore perhaps no surprise that there was no agitation in Scotland for “independence” but more interesting still to note that, even against a background of complete emancipation and relative economic success, many Scots still sought constitutional recognition of their distinctiveness. For most of our history Scots felt they could be both patriotic and unionist. That need not change.

The foundation of the Scottish Labour Party pre-dated the creation of the British Labour Party but it was never part of the aims and objectives of the Scottish Labour Party to secure independence for Scotland. Rather, the demand was, in Keir Hardie’s famous slogan “Home Rule All Round”. This embraced not only Home Rule *within the Union* for Scotland but also clearly anticipated a degree of Home Rule for England and somewhat optimistically, Home Rule within that same Union for Ireland. From the very start however Hardie made clear that he continued to believe in an “Imperial” Parliament for all parts of the United Kingdom whose responsibilities would, amongst other things, embrace foreign affairs and defence.

Critics of the Labour Party are inclined to note that notwithstanding this long term commitment Labour did not actually make any serious attempt to deliver on Home Rule until the late 60s.

Labour has always been split between those who might best be described as "home-rulers of the heart" and those who might be properly described as "home-rulers of the head". The first group – stretch in a line from Hardie himself through James Maxton and John P Mackintosh and extend, and I’m sure he won’t mind the company, to the likes of arguably Dennis Canavan today. Such idealists have sought constitutional settlement for Scotland *in principle* but largely failed to address the detail of membership of that Parliament, the system of election, the funding basis and, most importantly, the precise

powers.

“Home-rulers of the head” on the other hand were inclined to concentrate on actual achievements and actual schemes. Their most famous adherent is probably the Wartime Secretary of State Tom Johnston who sought to concentrate on what he *could* achieve rather than what he *might* achieve but a similar characterisation might legitimately be attached to Bruce Millan and even, at least in his 1970s incarnation, to John Smith. Their difficulty was, John Smith aside, that in becoming so concerned with the detail they lost sight of the underlying democratic case, which was necessary to actually deliver the greatest change in Britain’s constitutional affairs since the introduction of universal suffrage.

Here I will only pause finally to note that it took a home-ruler of both the heart *and* the head, the late Donald Dewar, to actually achieve the creation of a Parliament for Scotland. And in acknowledging Donald’s key role can I try now to take a look at the process, which finally got us there.

Since my intention today is to slay a few sacred cows let me start by acknowledging that the SNP was not unimportant to that process.

Before doing so, however, I want to distinguish between those who believe in home rule for Scotland and those who believe in independence.

There is no significant evidence of there being any great desire to end the Union between Scotland and England on the part of any significant body of opinion in Scotland between 1707 and the formation of the SNP in the 1920s. Arguably there is no significant evidence there has ever been any *great desire* to end that Union on the part of either Scotland or England to this day.

For example there has never been any credible opinion poll, which has shown majority support for independence in Scotland. The share of the vote which the SNP secured in

the constituency section of the Scottish Parliament elections of 2007 was their best result in any Scotland-wide Parliamentary election since the Party's creation and, even they would concede, achieved only on the back of a promise to the electorate that a vote for the SNP would *not* lead to independence but merely to a referendum on that subject. More importantly, at no point has Scottish independence ever approached the sort of ideological hegemony, which would be necessary to see the dissolution of one of the most stable nation states ever known.

I have never been one of those who believes that, uniquely among the nations of the world, Scotland is incapable of standing on its own two feet. Political and economic arguments rage about whether with or without oil, Scotland would be worse or better off if it were dependent on its own revenue base. That's however not really the point. At various times since 1707 Scotland has been a net contributor to, and a beneficiary from the overall stability and financial wellbeing of the United Kingdom. What we can say however is that at no point has England set out to consciously damage the economic prospects of Scotland or indeed vice-versa.

Instead, one of the major factors in building the United Kingdom, at one time, the most economically successful country in the world, and to maintaining the United Kingdom, even today, as a leading member of the G8 is the fruitful co-operation of both principal parts of the Union. Only someone extremely confident of benefit to Scotland from ending that Union would wish to put that at risk. With due respect, a prospectus based on optimistic predictions of both the long term price and longevity of supply of one commodity, oil, will never be likely to pass that test.

And in any case, I believe that all component parts of the UK would be the losers should we split up an enduring and successful union.

And there are also many other reasons for the strength of the Union. England is a much bigger country than Scotland and its history as by far our largest trading partner cannot simply be wished away, even if that was desirable.

England is not just any other country for Scotland. Dissolve the Union and England would still have a dominant say in the economic wellbeing of Scotland but without the Scots enjoying anything like the same degree of reciprocity which we currently enjoy through participation in our common democracy.

And to wish away the Union would also ignore the fact there are also ties of family and of kith and kin. After more than three hundred years of Union, hundreds of thousands of Scots live in England and indeed hundreds of thousands of English people live here. Can any good possibly come from forcing those on either side of the border to make a choice over to which country they "truly" belong, not just on the occasions of football internationals but with regard to which government would be the guarantor of their pension and other welfare state entitlements?

And then there is the cultural issue. I do not dismiss the value of Scotland's distinctive culture but I am also only too aware of the danger of any retreat into parochialism. We should celebrate our cultural diversity across these islands.

For all these reasons, and many others, Independence has never, and is unlikely ever, to gain majority support in Scotland and no Party committed to achieving a separate Scottish state is likely to secure majority support. But in seeking to understand recent developments in Scottish politics what is critically important is to understand the appeal not of what the SNP *actually* stand for but what the people of Scotland believe *they* can achieve by voting for them. The SNP may actually stand for Scottish Independence with all the panoply of an independent state including one's own armed forces, overseas embassies and seat at the United Nations. Yet they garner much of their electoral support on a different basis of the claim that many among the electorate believe that they can stand up for Scotland against an over-centralised Westminster government.

When Winnie Ewing won the Hamilton by-election on 2 November 1967 no-one seriously thought that this presaged "Scotland Free by 73" or 83 or 93 or 2003. What

however it did signal was a cry of dissent on the part of the people of Scotland from the increasingly centralised British state which had emerged, ironically, on the back of the otherwise exceptionally popular Welfare State's reforms undertaken by the Labour Government of 1945-51 and conceded by the Tories thereafter.

It is always dangerous for politicians to interpret the will of the voters as being something other than that which they have directly voted for but with the benefit of 40 years' hindsight it is clear that the mood which brought Mrs Ewing to power in '67 hardly ranked beside that which accompanied Garibaldi on the march to Rome. It was rather a cry for attention, a quite literal protest vote and in that sense it succeeded but only by freeing up space for those within the ranks of the Labour Party, and to be fair other Unionist parties, who felt that this was an agenda which had been neglected for too long.

Much as I would now like to discourse at length about the events of Scottish Labour Party Conferences of the late 1960s I am conscious both of the pressure of time on me and the reasonable limits of the attention span of my audience so I will fast forward through the Kilbrandon Commission, the Labour Party's Dalintober Street Conference and the 1974-79 legislative process to consider what went wrong in the 1979 referendum and the lessons that we can draw from the time when I first became involved in Scottish politics

Here I want to move on to slaughter my second sacred cow. It is not possible to entirely reconcile the partisan interest of the Labour Party with the cause of home rule for Scotland.

The 1979 proposals attempted and failed to do so. Most importantly they did so in their adherence to a first-past-the-post system of elections in the more multi party Scottish environment, in their belief that the creation of a Scottish Parliament should have no impact on the then prevailing 2 tier local government system or on Scottish Labour over-representation at Westminster and in their belief that the Government at Westminster,

whatever its political persuasion, would always provide sufficient resources to a Scottish Parliament without any necessity for independent revenue raising powers.

There were many reasons that the 1979 referendum ended in defeat but when Sir Alec Douglas Home, the former Tory Prime Minister, assured the nation that rejection of Labour's (and they were essentially Labour's) proposals might leave space for the introduction of a better scheme, while that promise was illusory, the desire to see the reality of that promise was arguably a significant factor in the outcome of the referendum.

On 21 October 1988 Donald Dewar, acknowledging finally that the successful creation of a Scottish Parliament could never be the work of the Labour Party alone, made a speech at Stirling University in which he declared his intention to lead the Scottish Labour Party into the Scottish Constitutional Convention. Over the next 9 years Donald and George Robertson negotiated and ultimately endorsed the scheme which was largely enacted in legislative form by The Scotland Act 1998. During that process Labour made important concessions but these concessions were essentially internal Scottish concessions, particularly on the electoral system. Crucially Margaret Thatcher and then John Major's Governments remained hostile to the whole concept of Home Rule and against that background the Convention did not focus enough on the legitimate interests of the UK.

When Labour came to power in 1997 it was with a commitment to deliver on the final Constitutional Convention scheme, subject to having had that commitment endorsed by a referendum in Scotland. That referendum having taken place within 5 months of us coming to power we had both the electoral and popular mandate to proceed to legislation and we did so.

Nonetheless there were three shortcomings with this process.

Firstly, the Convention scheme had essentially been conceived against the background

of an assumption that it would require to be forced upon a reluctant Westminster Government. To that extent it assumed that any consideration of that Westminster Government's interests would take place at some future stage as part of a negotiation for the implementation of the scheme. Suddenly we found ourselves with a Westminster Government pre-disposed towards the scheme but at the same time boxed in by the dual mandate at the 1997 general election and subsequent referendum that the scheme had already received.

Secondly, the proponents of the Convention placed too much emphasis, indeed almost exclusive emphasis, on how they would be allowed to spend public money without sufficiently considering either how they might raise that money or be held accountable for its application.

Thirdly, insofar as there was a degree of financial flexibility it was tied to an overwhelming reliance on income tax "the Tartan Tax" at precisely the point at which many were realising elsewhere the need for a more sophisticated approach to taxation

Against that background can I now move on swiftly and then in detail to slaughter three other sacred cows.

When the Scotland Act was introduced in 1998, Labour at the same time proposed the reduction in Scotland's inherited over-representation at Westminster. This has now happened, and devolution has also now taken root in different forms in Wales and Northern Ireland but otherwise the arrangements for the rest of the United Kingdom have remained unchanged. It is legitimate to ask whether that settlement now needs to be adjusted in the interests of all the nations of the United Kingdom.

Secondly, while the constitutional architecture of the 1998 legislative process is sound the urgency to create a Scottish Parliament led to the Convention scheme being accepted uncritically. Moreover times change and new issues come to the fore – and after an eight year bedding down period a reassessment of the settlement's operation is

timely.

Thirdly, the current financial arrangements for the Scottish Parliament, based essentially on a block grant accompanied by an unused and administratively complex power to vary the basic rate of income tax, reinforces concerns about the degree of financial accountability and power exercised without sufficient financial responsibility.

As someone committed to the Union but also to Home Rule for Scotland I do not believe that we should continue to overlook these aspects of the devolution settlement.

So to summarise

- When Labour are the party of ideas on the constitution it typically commands support
- There is unfinished business from the 1999 Scotland Act and it is Labour's job – in partnership with other parties - to fix it
- As Donald Dewar once said “it would be absurd to pretend that ours is the last word on the constitutional settlement”
- Scottish Labour needs to rediscover its distinctive voice on the future of the UK – Labour gave the Convention momentum 20 years ago, led on creating the Parliament 10 years ago, and should be willing now to lead on the next steps
- Scotland wants to see a future that allows her to walk taller within the UK without walking out
- And the Union needs to be a comfortable home for all its members

I would now like to turn to the process I believe Labour should embrace to address these objectives.

There has been much written about Scotland's future but few concrete plans.

This cannot simply be about thwarting the SNP or doing something to give the appearance of action. If we are to build upon the very real achievement of devolution

then we must understand our rationale for this.

For me and many in the Labour Party devolution was initially about ‘unfinished business’. Today home rule deserves Scots’ support for reasons of identity, democracy and shared interests with the rest of the UK. And that remains the case.

Hence there are many issues I believe are best dealt with on an all-island basis, such as tackling global warming consumer protection, national security and the terrorist threat for example, but many others where Scotland should lead: including, health, education, transport, law and order. These are just some of the powers we already have.

Now, if the devolution initiative is to grow and succeed as it was meant to, we must consider what else we should do, not least in giving the Scottish Parliament greater responsibility for the decisions we take and the spending plans we make.

Therefore, my objective is for Labour, in partnership with the other major pro-union party leaders at Westminster and Holyrood, to:

- Establish an expert led, independent Scottish Constitutional Commission to review devolution in Scotland ten years on developing a more balanced Home Rule package.
- This Commission should have a mandate from Holyrood, unlike the SNP’s so-called national conversation. Hence next week Labour will use its Parliamentary time to bring forward such a motion asking for the support of The Scottish Parliament to set up such a Commission.
- I believe any future commission must embrace the “listening” objectives that were behind the first Convention. So letting the Scots reflect on where we are 10 years on from our creation of the Scottish Parliament.

It should have a strong UK dimension, in contrast to the earlier Convention. Looking forward most Scots are looking to secure both the devolution settlement and their common UK citizenship.

I would like to see a Commission endorsed by the Scottish Parliament, and parties and Parliamentarians at Westminster so that it can draw in the best ideas that the UK and Scotland have to offer. As with the earlier Convention it will be vital to look beyond the politicians to bring together business people, civic leaders, the wider public sector, academia and the voluntary sector.

I would suggest consideration is given to a main group and a couple of contributory panels, for example one on *Finance And Economics* and another looking at *Policy Competencies And UK Citizenship*.

In addition to standard evidence taking sessions the Commission could consider other ways to gauge opinion including a number of listening events/panels/citizen's juries

A broad membership combined with wide-ranging evidence taking sessions can help the Commission stay focussed on our key goal – what constitutional changes devolution might need to make Scotland a better place in which to live and work in, secure in the United Kingdom to which we belong.

One aspect of a far-reaching approach such as this is that it is not possible to predict its outcomes with certainty. But the process can be open, consensual and thorough. If established early next year – the Commission can be expected to take sufficient time to hear evidence. At the end of this process we should have developed plans, which all parties can then consider. Of course, no party or individual will be bound by its outcomes, but I feel confident that the work it does will command respect from all those interested in Scotland's future in the United Kingdom.

Remit on Powers

That's the basic shape of the Commission as I see it. Now I would like to talk a little more about the specific remit this initiative should have.

Fundamentally, the Commission should consider the operation of the settlement. Most federal countries have review mechanisms in place that let powers move in both directions. The case for such an ongoing review mechanism is one the Commission should examine.

The Commission should be entrusted to take a pragmatic approach to questions of competence and powers. There are areas from welfare to work to road transport where there is merit in considering greater powers for the Scottish Parliament. Likewise the Commission could consider the operation of the Parliament, public holidays, marine issues and animal health

By implication also the Commission should also consider any reasoned arguments for the boundary moving in the opposite direction, for example in national security related matters such as counter terrorism and contingency planning.

Clearly, this is not an exhaustive list. The Commission will set its own work plan within the terms of reference – but there are clearly issues that would merit further examination.

Finance for the Future

One key issue, which must be part of these efforts, is to strengthen the financial accountability of the Scottish Parliament. In short the financing of the Parliament almost wholly through grant funding does not provide the proper incentives to make the right decisions. Hence strengthening the financial accountability of the Scottish Parliament by moving to a mixture of assigned and devolved taxes and grant is something the Commission should consider.

A beneficial by product of strengthening the accountability of the Parliament through greater autonomy would be to address some of the concerns elsewhere in the UK

around relative spending levels. In short the grant element would be smaller and so potentially less contentious. As one commentator has put it – there is not much point in getting a divorce over the housekeeping bills.

But for those committed to the UK, financial transfers within the UK – the grant element - must continue to ensure that areas with greater spending needs have the resources to fund them. Such equalisation systems are commonplace in all modern democracies.

It is these principles of resource, revenue and risk sharing – that underpin the partnership that is the UK. Those 3 Rs – of resource, revenue and risk sharing – also secure for Scots our social citizenship i.e. our access to the welfare state, our right to benefits and pensions as well as access to free schooling and healthcare through the NHS. Again this is territory the Commission should explore.

The case for the UK remains the common interests of its constituent parts. It is better to work together and share risk and resources than to seek to manage a volatile environment separately. It is these principles of resource, revenue and risk sharing – that underpin the partnership that is the UK. There is a common citizenship founded not only on legal and political rights but also access to social rights in the form of the welfare state

I believe it is for the Commission to consider the proper balance between devolved, reserved and assigned taxes if the accountability of the Parliament is to be strengthened and relative need still respected. We should approach this with an open mind but there are constraints here. Some suggest VAT for example but EU rules appear to preclude VAT variation within a state. So it could not be a candidate for devolution, although could be considered for partial assignation. Likewise the issue of Corporation tax variation within a state also raises issues of compliance with EU rules (the Azores judgement) as well as potentially distorted transfer pricing.

All these areas will merit detailed consideration by the Commission.

I believe that this work must recognise the benefits to Scotland of the stability of the macro-economic management we have enjoyed in the UK under a Labour Government.

That is one of two important UK questions at stake here. The other is that for those committed to progressive politics across the whole UK the issue is how to allocate spending in a way that assesses need properly, is fair to all parts of the UK, and does not penalise the poor. By definition these questions have wider implications than just for than Scotland. So a United Kingdom voice must be heard on these issues.

I believe we should consider the lessons from the funding of devolved jurisdictions internationally. Such an approach could support the work of the Commission and its secretariat, not least about the proper balance between incentive and equalisation effects.

The UK question

Most British citizens want to see the Union continue. It is always vital to reassess what we have in common – the glue that holds us together.

We are held together by a shared identity, shared interests and shared citizenship. Our shared identity is based on common history, family ties, values and culture. England is not just any other country for most Scots. We have important shared interests. The UK is indeed stronger together and we benefit economically, from being part of the world's largest economies as well as globally in terms of international standing. And as we respond to global challenges such as migration, terrorism, climate change, flooding – the reality is they require common responses.

We also share a common citizenship. This has familiar political and legal dimensions – but also social and economic dimensions too. Risk, revenues and resources are shared

across the UK to deliver common services and benefits - access to the main elements of the welfare state - social security and pensions, access to healthcare free at the point of need and free schooling

The Union is something for all its constituent nations: the devolved nations of Scotland, Wales and Northern Ireland. – but for England too. It is not for me, as leader of Scottish Labour to suggest changes there but I do say to Scots that we should support and welcome greater local and regional decentralisation in England, allowing voices in different parts of England to be heard on their issues just as we have sought that for ourselves. Looking to the future the so called English question is properly for UK colleagues to consider. We must resist nationalists of whatever provenance fanning English resentment for partisan reasons.

Conclusion

These are exciting times. Scots do want to walk taller within the UK, taking more responsibility.

It comes with growing self confidence.

What the next generation will demand of the current generation, is a settlement that honours the birth of devolution without being hidebound by it. In any work we do we must keep sight of the one driving goal – how to make Scotland and the UK better places to live and work.

I do not favour constitutional discussions for their own sake, rather because it is right to re-examine how we work to consider if improvements can be made.

The priorities of the people of Scotland remain the same as others in countries across the world – health, education, law-and-order, housing.

[CHECK AGAINST DELIVERY]

But if the only reform alternative people can see is one of separatism they can be forgiven for assuming that this is their only choice.

It is up to us to offer a better alternative.

A new Scottish Constitutional Commission will allow us to do just that.

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