

Rt. Hon Alistair Darling MP

Better Together

John P. Mackintosh Memorial Lecture 2012

Friday 09 November 2012

Prestonpans Community Centre

It's a great pleasure to be asked to deliver this year's John P. Mackintosh lecture. Scotland owes an immeasurable debt of gratitude to John Mackintosh. He is, rightly seen, in so many ways, as the Father of devolution.

Sadly John never lived to see his dream realised. He died 21 years before the Scottish Parliament opened its doors in 1999. I know he would have been proud to see it.

It was John who spoke out fervently, without fear, in favour of devolution when it was unfashionable - if not downright unpopular - to do so.

It's appropriate tonight also to mark the life of his wife, Dr Una MacLean, who died just a few weeks ago. Una MacLean too made a substantial contribution to Scottish life and we remember them both.

The title of my lecture this evening is "Better Together". You will be hearing a lot about it over the next two years as we head towards the referendum in the autumn of 2014.

Better Together is not just a slogan to me. It is something I passionately believe in. We are better and stronger together.

Chairing the Better Together Campaign is one of the most important things I've ever done in politics. The decision we will all make together is the most important we will make in our lifetime. Its effects will travel down generations. It is an historic choice that will resonate down the centuries.

As I said on the day we launched the campaign we are determined to make sure that the patriotism of the quiet majority will be heard alongside the voices of the committed few.

Those of us who believe it is best for Scotland to be part of the UK - from whatever political view - will work together to argue for the better, stronger choice.

We believe that a better future for ourselves and our children is as a partner with the United Kingdom.

It's not a choice just for the life span of a parliament. It is not a referendum on the popularity of this government or today's politicians.

We are being asked to make a choice that will shape our country and our families' future. It's a choice that could shape our country for the next 300 years.

The stakes could not be higher.

Throughout my adult life, the constitution and particularly Scotland's relationship with the rest of the United Kingdom has dominated political discourse.

The debate in the 1970's was about whether or not to devolve power to Scotland. This is where John Mackintosh so often found himself at odds with his colleagues. The move to do so gathered force especially after 1979 - with the election of the Thatcher Government.

In the early 1990s a coalition was formed, determined to set up a devolved Scottish Parliament - within the United Kingdom.

Of course, the Constitutional Convention was boycotted by the Nationalists who walked out at the first opportunity.

It was a Labour government which finally set up a Scottish Parliament in 1997.

The debate about the powers available to the Scottish Parliament has continued. Towards the end of our time in office we set up a Commission under Professor Calman which recommended giving the Scottish Parliament more tax raising powers.

That work continued under the current government. Legislation to give Scotland significantly more tax raising powers is now in place. They come into effect fully in 2016.

So those who say devolution has not moved on are wrong – it has. In April 2015 the Scottish Government will be able to borrow. It will be responsible for landfill tax. Stamp duty land tax is also devolved.

And from 2016 the Scottish Parliament will fix the income tax rate each year - giving it more power but also crucially the responsibility that goes with the choices it makes.

My purpose tonight is not to discuss what further devolution may evolve. My guess is that the process will continue. But the crucial question before us now is whether we stay a partner in the United Kingdom, or whether we leave.

Arguments about separation have been going on since the 1930s and I suppose to me, and to many others, it was always filed under the heading: “it’ll never happen”.

Now it just might. So we need to be sure where we stand.

The Referendum in two years time will give us an opportunity to decide this big question. In the Scottish Elections in 2011 independence was not an issue, indeed far from it.

But that changed again in January this year when the Prime Minister said he was prepared to transfer power to the Scottish Parliament to hold a legally binding

referendum. That moved a referendum from being a possibility to becoming a reality. That concentrated minds.

So a referendum will almost certainly be held in about two year's time although we still don't know the date. If Alex Salmond knows, he's not telling. Maybe he's taking legal advice on it.

Maintaining public interest over what will be the longest political campaign in Scottish history will be difficult. It seems not a day passes without some kind of storm brewing about the referendum.

Even Americans don't take two years to elect their President. But that's where we are and we now have to engage.

So, tonight I want to set out the positive case for remaining in the United Kingdom - for I believe it is a positive and compelling one.

However we are also entitled to question the opposing view - to ask some serious questions that the proponents of independence have signally failed to answer.

It's not unreasonable when someone puts forward a proposition that could change the course of your life forever to ask some pretty hard questions.

And indeed just posing those questions has disclosed that the Nationalists thinking is in many cases pretty undeveloped at best, and I fear downright deceitful at worst.

Since we launched the campaign and started asking hard questions, it has become blindingly obvious that some of the propositions they are advancing in support of independence really have not been thought out.

In many cases they are proving to be no more than mere assertions or bluster.

We need answers. We need to know what independence would actually mean, not just what Alex Salmond says it means.

For us to make this constitutional change we have to be pretty sure of where we are going and what the consequences are. I'll make no apology for putting these questions tonight and every day until the vote.

And our side too shouldn't be afraid to deal with difficult questions. We need to explain why we are better and stronger together.

Because, I say this again; we are not electing a government to serve Parliament that lasts 5 years. In that case, if you don't like the Government you can kick them out.

If we vote for independence it's irrevocable, there's no going back. That's why the decision is so important. Remember this. They only have to win once. After that the die is cast.

There's no time for second thoughts. So we need to be pretty certain of what we are doing and where we are going.

But just because I don't want Scotland to separate from the UK, that doesn't mean that I don't want this Referendum. I do.

The vote in 2014 is a chance to reaffirm Scottish values and our belief in the value of our partnership with our neighbours.

I hope that we can cement Scotland's place in the United Kingdom once and for all and then get on with building the Scotland we want.

I am ambitious for Scotland's people and I know Scotland's potential. Our case is that there is a much better choice for our future than separation.

The Scotland I want to live in, the Scotland I want our children and their children to live in as an open, ambitious, confident country.

A country that shares, with its friends and neighbours, a modern, positive view, with an identity hewn from a rich history. It has wide horizons; it looks to the future with a strong clear gaze.

Now our case is not that Scotland cannot survive as a separate state. Of course it could. Most countries could. The question is what is best for Scotland.

The campaign that I will lead will celebrate what unites us.

We have a Scottish Parliament with real decision making powers and a key role in a strong and secure United Kingdom – the best of both worlds.

There is a positive case for staying together. A positive case that celebrates not just what makes us distinctive but also celebrates what we share.

We will put a powerful case for staying together; through our links with the rest of the United Kingdom, through families and friendships, through trade and through shared political, economic, and world institutions.

We are a proud nation within a larger state with the far wider range of opportunities for our people that this creates. I'm positive about the identities that we share – Scottish and British – I don't see any need to abandon either of them. I don't see the need to make an unnecessary choice.

We are part of a social union underpinned by an economic and political union – the parts mesh together. The case we will make over the next two years will be what is best for our future.

We are being asked to make this choice in the midst of the most uncertain and turbulent economic times we've seen in our lifetimes. That I'm afraid is likely to last for some time yet.

But this is an important part of our argument. It is a difficult world and independence is an inadequate response.

Think of all the big questions the world is challenged by and then ask yourself: to which of those questions is Scottish Independence the answer?

The world has never been this close or complicated nor changing at this pace. Yet in a world of complex and difficult questions the nationalists offer Scotland a simple slogan.

I believe the last thing Scotland needs are new areas of uncertainty, instability and division that separation will involve.

And if we decide to leave, there is no way back.

As I said earlier this year - we can't give our children a one way ticket to a deeply uncertain destination.

It would be irresponsible of us to leave this legacy to the generations who follow us.

Tonight I want to highlight some of the key questions begging for answers, as well as making some of the arguments for us remaining in the United Kingdom.

Let me tell you about the three compelling arguments that make the case that we are Better Together.

Firstly, there are the cultural, social and family ties that bind this country.

One of the most ridiculous things I have heard from the nationalists so far is that everything that you don't like about Britain will go away and everything you do like will stay the same if you vote for independence.

Everything will change but don't worry, nothing will change.

We all know that is utter nonsense.

If we decide to go it alone, everything will change. That surely is the whole point of independence.

The Nationalists desperately try to play this down - that's why they are keeping the monarchy, at least for now.

And then, after 20 years opposition, they want to join NATO, or at least they might do.

Which is why we have the spectacle of a hard line nationalist saying "you will still be British after Independence". If you are no longer part of the UK how can you be British?

Apart from meaning that your friends in Wales, your family in England and your workmates from Northern Ireland will, effectively and overnight, become foreigners, independence also signals the loss of things that we so readily identify with and cherish.

British music will no longer be our music. British art, dance and drama will no longer be ours. British sporting success will be someone else's to celebrate. Here's a thought: why can't we be both Scottish and British?

The Olympics didn't change hearts and minds in a month. Rather the Olympics were an expression of how we as a country already felt.

We can feel Scottish and British and we are entirely comfortable with that. This is something that the nationalists totally fail to grasp.

When Alex Salmond talked of 'Scolympians', we cringed. He failed to understand the way that we felt about the Olympics, and about being British as well as Scottish.

Danny Boyle's magnificent opening ceremony was so powerful precisely for the reason that it didn't divide these Islands on geographical lines. Its impact was in celebrating the values that hold us together.

Its impact was in celebrating great British achievements. Its impact was in showing us that we are better together when we stand shoulder to shoulder with the rest of the country.

Our shared culture and our shared history is a real strength. All of us have friends and family south of the border. There are innumerable people in England who value their ties with Scotland in the same way.

We are – in the UK - greater than the sum of our parts.

After centuries of common endeavour we should value these ties that bind us together and celebrate the diversities that exist. It is artificial to construct separate states within our small island.

We have achieved so much together in times of peace and war. We built the Welfare State together.

The Bank of England was founded by a Scot. The Bank of Scotland was actually founded by an Englishman. The NHS was founded by a Welshman and the Welfare State by another Englishman.

We would not have achieved half as much had we not been the United Kingdom advancing together.

Take the BBC which has a profound influence on our culture and not only how we see ourselves but also on how others see us.

Does anyone really imagine a separate Scottish broadcaster working with a fraction of the budget available to the BBC would seek to match its diversity and the extent of its output.

If you are in doubt try spending an evening watching the output from television stations that operate on similar budgets – hardly encouraging.

The BBC is a global institution with a global reputation for excellence, but it is also an institution that has a strong Scottish voice.

And that leads me onto my second key strand of the Better Together argument – and that is the influence we wield as part of the UK.

Over the past few weeks the debate has focused on whether an independent Scotland would remain in the European Union.

I'm in no doubt it is in Scotland's interest to be in the European Union - just as it is in the interests of the whole of the UK to be a member.

We may not be part of the Euro - and are unlikely to be part of it in any foreseeable future - but we cannot shut ourselves out from this – our biggest - market.

We can and should have influence in its counsels. I've seen at first hand that it's the larger states that dominate. We have influence as the UK.

And the United Kingdom is a country with unique influence not only in the EU, and in the Commonwealth but in the G20 group of the world's most powerful economies. We're one of only five countries from 198 in the world who have a permanent seat on the United Nations Security Council.

We're one of the biggest shareholders in the International Monetary Fund. We have the fourth largest defence budget in the world and are key members of NATO.

We helped shape the world - so many of the great inventions in history were made by Scots whose vision saw far beyond the border. And I don't want to give that up.

People in Scotland are rightly concerned about the plight of the world's poorest people. We're one of the biggest donors of aid to the World Bank with huge influence. Why give that up?

Overseas aid from the UK – one of the biggest international aid budgets in the world – is administered right here in Scotland, at the Department for International Development in East Kilbride.

We have Embassies around the world serving our citizens and our businesses. Our diplomatic reach takes us into every corner of the world.

Scotland is far better represented abroad as part of the UK than we could ever hope to be as a separate state.

The nationalists tell you that the UK embassies and consulates do not represent Scots.

Try telling that to Scots who find themselves in trouble in a far flung part of the world and can rely on the UK embassy to help them out. To the businesses seeking trade. They open doors for our people and businesses across the globe.

Farmers, fishermen and women, businesses big and small all reap the benefits of the UK's global reach and global influence.

Losing this influence would be a massive loss. It would be impossible to replicate it on a smaller scale.

It really does beg the question – why on earth would you do it? Why would independence be better?

In an uncertain world, Scotland's security will be strengthened as part of the United Kingdom. The British Armed Forces that protect us are the best in the world.

The Nationalists now say they would after all join NATO, a nuclear alliance, after years of saying never. Ah but...only with many strings attached. They would, of course, have to apply for membership. NATO might not accept these strings - as well the SNP knows.

They are trying – as ever - to have it both ways.

If the logic is to pool our defence resources where is the logic in taking Scots' forces out of the British forces.

This is a classic example of where we are stronger together in defending our country. And we benefit from the thousands of jobs that the defence industry brings to Scotland.

Try telling the men and women of Govan who rely so heavily on this work that they will be better off without the Royal Navy.

Defence and NATO has been another area where the nationalists arguments don't convince, but that is nothing compared to the third strand of our argument – and that relates to the economy.

And the economic arguments are fundamental.

The argument for staying in the UK is a powerful one.

Our argument isn't that Scotland couldn't go it alone. We could. We would though be very heavily dependent on revenues from North Sea oil which are notoriously volatile.

They account for about 1-2% of the UK's GDP but account for 10-20% of Scotland's GDP. In any event oil is not renewable and will diminish and the rate of its extraction is decided more often in Texas than here.

Yesterday, the Fraser of Allander Institute noted that the Scottish Government has a structural deficit and that the government was unwilling to address it. An independent Scotland would have to cut its cloth accordingly. It would have to take some difficult decisions on spending and raise taxes – which it refuses to admit to.

The Institute went on to say that the Scottish government's assessment of the fiscal implications of independence contain fundamental errors of fact and judgement.

Let me give you an example.

The Nationalists recently pounced on last year's figures which appeared to show that Scotland contributed 9.6% of UK revenues but received only 9.3% of spending.

But these are percentages of different numbers.

Converted into money terms there was a deficit of about £10bn.

Under Independence Scotland would need to borrow this money itself, raise additional revenues or cut spending.

The Nationalists have made other claims too saying that Scotland would be £510 better off per person under independence. That figure assumes that the Barnett formula will still be in place. It would die with independence.

Of course Scotland like any other country could survive. But it couldn't do so promising low taxes and high public spending at one and the same time as maintaining a balanced budget.

As the Fraser of Allander Institute says, a fiscal deficit is not a problem within the UK as it simply reflects the fiscal flows within a unified fiscal system which recognizes the higher needs in nine of the 12 nations and regions of the UK.

Surely being part of a larger economic unit has the advantage of sharing the upsides of growth and also sharing the burden that comes with a slow down or crisis.

Exactly the same argument applies to our ability to build a social union, where people on low incomes - no matter where they live in the UK - can be supported and offered the opportunities they need. The minimum wage is a classic example of this.

For growth you have to create the right business environment.

We trade more with England than we do with all other countries in the world combined. We export £45 bn worth of goods and services – 40% of our total output to the rest of the UK.

The UK is the world's oldest and most successful single market. Europe has worked for over 50 years to create a market without borders for goods and services. Why on earth would we want to turn our biggest market into our biggest competitor?

Why on earth would we want to erect a brand new border, not just within Europe, but within this island?

Our economic success has been built on a single market. If it didn't exist, we'd have to invent it. We depend on it.

Let me take one example. In the Financial Services industry there is a single UK regulatory regime.

The Scottish insurance industry sells something like 6% of its products in Scotland. 94% are sold to the rest of the UK.

Having a single regulatory regime matters to this industry as it does to the rest of the financial services industry.

The SNP's present position is that the Scottish Financial Services industry would be regulated by the Bank of England and the Financial Conduct Authority which will take over from the FSA next year.

This hasn't been discussed with anyone outside Scotland. They have simply asserted it.

Uncertainty here could be disastrous to the industry. Consumers want to know who the regulator is. Footloose international investors, especially Americans, won't hang about while we sort it out.

If Scotland rejoins or stays in the European Union, the Treaty requires us to have our own separate regulatory system.

Inevitably there is a cost here: uncertainty will damage business. Chopping and changing financial regulations is costly. And sooner or later a Scottish firm with 90 per cent of its business somewhere else is going to ask itself: is staying worth the cost? Why risk that question even arising.

And remember that outsiders asking questions of Scottish institutions will want to know who stands behind them. It isn't an academic debate as we saw 4 years ago. This is a very real issue.

Or take the energy industry. They operate now in a single market with a single regulatory regime.

The renewables industry depends on a UK subsidy that would come to an end.

Our single market is a genuine single market.

In the European Union it isn't so open – there are many barriers.

Many are based on protectionist instincts. It's a completely different picture to the market we have here.

There are other advantages too in being part of a single economic entity. We have opportunities and we also share risks.

Four years ago Scotland's banks were on the brink of collapse. A calamity made in Edinburgh, not in London.

The size and strength of the UK meant that we could stop that with the Scottish tax payers carrying only a small part of the cost.

The cost to the UK of supporting the banks during the financial crisis has been about 21% of our GDP.

The comparative figure for Scotland would have been 211% of GDP.

Then there is the crucial matter of the currency.

You'd think having had 80 years to think about it that the SNP would have some idea what currency we would use.

After all it's a pretty fundamental question. But no.

Until recently, their policy was that we should adopt the Euro. Clearly that isn't very popular right now. So at the beginning of this year they said they would simply use the pound, in the same way as Panama uses the Dollar and Montenegro uses the Euro.

That would of course mean interest rates and monetary policy would be fixed by what would then be a foreign bank: the Bank of England.

So, a few weeks later a further policy was promulgated.

This time we would be part of a currency union – sharing the pound with the rest of the UK. Again, no one has asked the rest of the UK whether or not they would agree to this – it's simply asserted.

Why should the rest of the UK agree to a currency union without being asked?

But the most obvious problem with the common currency is that sooner or later it takes you to economic and then political union.

You don't have to imagine what would happen - you just have to look across the channel and see the traumas faced by Eurozone countries.

They are well on the way to adopting a banking union which will eventually lead to an economic union and ultimately political union.

We know who calls the shots – big countries and one in particular.

So Scotland would leave the UK only to end up in the same place as it began, with all the trauma that would entail.

And worse than that, a common currency union comes with massive strings attached. A pact that would bind both parties into tightly defined constraints.

That's what they've got in Europe. Each member of the Euro zone will have to submit their budgets for approval. If they don't comply with the rules their budgets have to be changed.

A currency union in the UK would need a similar set of rules. Both sides would have to agree to each other's budgets. One country couldn't go off and do its own thing.

If the purpose of independence is freedom for manoeuvre, to go your own way, why then hand back the levers of economic policy to your bigger next door neighbour which would by then be a foreign country.

It is a nonsense.

Today we are equal partners in the United Kingdom. With independence Scotland's budget would have to be approved beyond the border.

That's not freedom. That's not independence. That's serfdom.

Today we can determine fiscal and monetary policy for the whole of the United Kingdom as we sit at the table as equals.

And then there's the Bank of England which sets interest rates for the rest of the UK. The Monetary Policy Committee is not regionally or constituency based. There are no delegates. They are independent. The nationalists assert that they'll simply pull up a seat at the table in Threadneedle Street. Really? Who have they asked? Not the Bank of England, as we know.

And then there is the question of lender of last resort. No idle question as we've seen very recently. This is a critical importance to depositors and investors. Who stands behind your banks and financial institutions? A foreign central bank? That's what the nationalists seem to suggest.

There's also an important democratic principle here. Rightly, we in Scotland will decide our own future.

At some point though citizens living in England, Wales and Northern Ireland will want their say - particularly if they are being asked to share a currency let alone the central bank with what would then be a foreign country.

Would we today offer lender of last resort facilities to Iceland? Of course not.

And if Scotland were to join the EU - and that is a big if, as we've heard consistently from Europe - what then? Would we join the Euro? In which case Scotland's Central Bank would become the European Central Bank.

These are genuine issues of serious concern to financial institutions in Scotland.

Our relationship with the European Union is critical. Alex Salmond quite deliberately gave the impression that he got legal advice to the effect that Scotland would remain a partner in Europe as it is, without change.

It was guaranteed he said. We then find out months later that no such legal advice was ever asked for, let alone obtained. And this after spending thousands of pounds of tax payers money to try and conceal the fact he didn't have that advice.

This is important. Not just because it strikes at the very credibility of Alex Salmond himself - which it certainly does - but also because a relationship with the European Union is of critical importance to us.

The Commissioner and many others believe we'd have to reapply for membership. Politics will play an important part here too.

The Spanish government and others have made it clear that we'd be at the back of the queue. Whatever happens there's a long period of uncertainty on the horizon.

I'm sure that Europe would want Scotland to be part of the European Union but it wouldn't be plain sailing to put it at its lowest.

Would we have to join the Euro - every other new applicant has had to undertake to do so including Sweden? Would we keep the opt-outs and rebate?

Would we have to join the EU immigration system which would mean that our immigration protocols would be different from those operated by our near neighbours south of the border?

These are all issues to which there is no concluded view and attempts to flannel us do not inspire confidence.

There are many more issues. If the UK breaks up, how do you divvy up the assets and liabilities like pensions, for example.

What happens when UK research to Scottish Universities ends?

We need to know the answers to these and other legitimate questions. We cannot be asked to take the biggest decision in 300 years on the basis of the nationalists telling us not to worry, that everything is going to be all right on the night.

From downright deceit on the legal questions about Europe, to chopping and changing their minds on the currency, the nationalists now stand accused of cooking the books on the economic figures.

And their campaign is hopelessly divided. Alex Salmond wants a currency union. Patrick Harvey of the Greens wants to launch his own currency. Jim Sillars wants to join the European Free Trade Association.

This would all be laughable if it wasn't so very serious. The nationalists are playing games with the people of Scotland. How can we ever trust them to produce an objective assessment of life in an independent Scotland as they claim they will do next year?

And how can we be sure any longer that official Scottish government documents are impartial and accurate with all we now know. The nationalists are flapping in the wind.

Their economic policy is reckless and potentially dangerous. It is not good enough. And there are very many good people who believe in an independent Scotland who know that in their hearts. They must despair at the flim flam.

It's not the kind of thing you take a punt on. Alex Salmond might like the gamble - we don't.

It's not how we do things. We love our country too much to leave its future to chance.

So let me conclude. And let me make a plea to everyone involved in the debate about the way in which we go about things in the next two years.

No matter what happens, the day after the referendum, we will all have to live and work here. We cannot allow this issue to tear our country apart for the next two years.

It is incumbent on both sides to present the people of Scotland with cold hard facts alongside the powerful cultural and emotional ties that bind. This cannot be about opinion or assertion. Only the facts will do.

We need both the Scottish and UK Governments – as well as the campaigns – to put out information in an impartial way. Public confidence in politics and politicians is pretty low. We cannot allow this campaign to drive it down even lower.

If the Scottish Government is to produce proposals next year it's got to be credible. In the present form that seems unlikely.

But let me finish with this.

As Scots we believe there is no where better but we also understand that there is something bigger.

We benefit by being a partner in a multi-national, multi-ethnic and multi-cultural United Kingdom.

I believe passionately that Scotland's best interest lies in remaining part of the UK. We are stronger - economically, politically and socially as a partner within the United Kingdom.

The coming together of family, friends, ideas, and institutions is a strength not a weakness.

As proud Scots we want a better future for Scotland. Be confident in saying yes we are better together.

