

# THE UNITED KINGDOM

# WHY SCOTLAND SHOULD REMAIN

Seven essays on the value of the United Kingdom  
to Scotland, her people and our future.

By Malcolm Offord

1st June 2021

# FOREWORD

The most significant Holyrood Election in the short history of the Scottish Parliament has just returned the Scottish National Party to government for a record fourth term, albeit without a majority. First Minister Nicola Sturgeon immediately re-affirmed her demand for a second Scottish Independence Referendum in the lifetime of the next parliament post pandemic and she will command a majority in Holyrood for that Referendum with the support of the pro-separation Green Party. This is despite constitutional matters legally being reserved to Westminster.

Meantime, Prime Minister Boris Johnson has just enjoyed equivalent electoral success in the English local council elections and, in both countries, the major casualty has been the once proud Labour party. The battle lines are drawn. England has revealed herself to be a stable and united centre-right country of aspiration governed by an English Conservative Party that wants to level up by harnessing the benefits of Brexit. In contrast, Scotland remains deeply and equally divided between Unionists and Nationalists but, meantime, is comfortable being governed by a left-leaning Scottish National Party that wants to level down, secure in the knowledge that Westminster will always pick up the tab for their “progressive” agenda.

For those of us who recoil in horror at the prospect of another bitter and divisive Referendum in Scotland, it is necessary once again to advance the arguments in favour of Scotland remaining inside the UK. In this devolution pamphlet, I put forward a positive vision of a more prosperous and fairer Scotland inside the UK. My firm belief is that the task of re-building Scotland post pandemic is boosted significantly by harnessing the benefits of the UK and, in these seven essays, I shall demonstrate why this vision of a more prosperous and fairer Scotland can ONLY be delivered by retaining rather than repudiating the Union.



**Malcolm Offord** is Chairman of Badenoch & Co in Edinburgh investing in Scottish manufacturing SMEs which pursue an export strategy called MISSA – made in Scotland sold abroad.

He was born and educated in Greenock and read Law at Edinburgh University before departing to London for a 25-year career in The City. He returned to live in Edinburgh in 2014 and he stood as a list candidate for the Scottish Conservatives for the Lothian Region in the Holyrood Election of May 2021.

**01.**

**WHAT IS THE POINT  
OF THE UK?**

**02.**

**STERLING THE UK'S  
SILVER BULLET**

**03.**

**IT'S TIME TO EMBRACE  
DEVOLUTION AND  
SAVE THE UNION**

**04.**

**HOW TO TURBO-CHARGE  
SCOTLAND'S ECONOMY**

**05.**

**CAN WE PLEASE RESTORE  
OUR ONCE WORLD-CLASS  
SCOTTISH EDUCATION?**

**06.**

**IT'S TIME TO LEVEL UP  
IN SCOTLAND TOO**

**07.**

**A BRIGHT NEW FUTURE  
FOR SCOTLAND**

# 01.

## WHAT IS THE POINT OF THE UK?



**The UK has been in existence for 314 years but we are told by the Nationalists that the Scots have grown disillusioned with the Union. So, in this opening piece, let's just remind ourselves (i) what is the point of the UK and (ii) what would we lose if we left?**

The best analogy is to think of the UK as a grand cathedral within which the four home nations commune together; four distinct communities but one united congregation under one roof. This mighty roof is held up by the seven sturdy pillars of the Barnett Formula, NHS, Pensions, Defence, International Affairs, Monarchy and the greatest of these being Sterling, the towering central steeple of currency.

#### **Taking these in turn:**

**01.\_\_\_\_The Barnett Formula** is the mechanism whereby HM Treasury makes equalisation payments to the three devolved governments of Scotland, Wales and Northern Ireland brought about by the population and geographical idiosyncrasies of the Celtic nations versus England. This is the financial glue which binds the UK together but it is widely misunderstood and is in dire need of a change of name and narrative to modernise it for a 21st century UK. I favour 'British Dividend'. Today, the Barnett Formula is worth £15bn towards Scotland's £81bn annual public spending (pre pandemic).

**02.\_\_\_\_The NHS** was formed in 1948 and is the single biggest contribution to the UK from the Labour Party. Free healthcare at the point of delivery based on clinical need rather than ability to pay remains the single over-riding principle of the NHS and, whilst the pandemic has been its greatest challenge, it may also prove to be its greatest triumph as it facilitates the speedy roll-out of the vaccines across the UK. Whilst health is now devolved (and therefore separately funded) within the four home nations, the reality is that sharing of best practice still exists within the UK and centres of excellence in different medical fields remain accessible to all UK citizens. The current budget for NHS Scotland is £14bn out of a total £81bn annual public spending.

**03.\_\_\_\_The Basic State Pension** (then known as the 'Old Age Pension') was first introduced in 1909. The qualifying age was 70 and it was means tested. Today the state pension comprises three elements: basic pension, additional pensions and a pension guarantee. It is also possible for individuals to take out personal pensions where contributions are made throughout working life and there are tax incentives for such private savings plans. For the year ended March 2020, annual spending on UK state pensions was £160bn, equal to 7% of GDP. Clearly, pensions which are shouldered by a total UK population of 67 million citizens are more

## 01.

### WHAT IS THE POINT OF THE UK?

secure than if allocated to individual nations which is why they remain reserved to Westminster rather than devolved to Edinburgh, Cardiff or Belfast. In terms of UK public accounts, the state pension remains 'off balance sheet' meaning it is not capital provisioned but assumed to be paid out of annual UK running costs. The capitalised value of this liability would be in the region of £4 trillion which compares to current government 'on balance sheet' debt of £2 trillion.

**04. HM Armed Forces** comprise the Royal Navy, the British Army and the Royal Air Force and their primary responsibility is the defence of the UK, its overseas territories and the Crown dependencies. They also promote the UK's wider interests such as supporting international peacekeeping efforts and providing humanitarian aid. The RN and the RAF are homogenous to the UK whilst the British Army continues to deploy in national and regional regiments. The Royal Regiment of Scotland was formed in 2006 through the amalgamation of Scotland's eight historic infantry regiments to form a single fighting force but the five resulting battalions preserve regional ties and former regimental identities. In the year to March 2020, the UK spent £42bn on defence which is equal to 2% of GDP.



The Black Watch, 3rd Battalion,  
Royal Regiment of Scotland.

---

**05. International Affairs** covers a whole range of matters which the UK undertakes on behalf of all four nations. This is where the UK as a sovereign entity punches well above the weight of any of the individual countries. Take the UN as an example, where the UK holds one of the five permanent seats on the Security Council, or the G8/G7 where again the UK holds authority not vested in any one of the component parts. The Foreign, Commonwealth and Development Office is another example combined with the British Council and the distribution of our International Aid budget around the world. Add the increasing importance of the Five Eyes intelligence alliance (comprising Australia, Canada,

New Zealand, the UK and the US) in the face of rising Chinese and Russian cyber activity and a picture emerges of how vital is the UK acting as an over-arching geo-political construct for the safety and security of the home nations.

**06.\_\_\_\_\_The Monarchy** is a founder member of the UK as the Union of the Crowns between England and Scotland in 1603 was the pre-cursor to the Union of Parliaments in 1707. Remember both these Unions were implemented by treaties struck voluntarily by two sovereign nations with neither one subjugating the other. Of course, the Scottish monarchy (Kenneth MacAlpin was crowned first King of Scots in 843 AD) pre-dates the English monarchy (Aethelstan became the first King of all England when he conquered Northumbria in 927 AD) but the fact remains that our Monarchy has held the crucial role of head of state in our constitutional affairs since the establishment of the UK. The cost of the Monarchy is paid through the Sovereign Grant (which replaced the civil list in 2012) which in the year to March 2020 amounted to £82m, equivalent to £1.20 per UK citizen. It is scant consolation to the Royal Family but, if only George III had not traded in the Crown Estates in return for a fixed annual income from the Civil List in 1760, their annual income today would be £345m.

**07.\_\_\_\_\_Sterling**, last but most important, is the sovereign currency of the UK issued by The Bank of England which is the central bank of the UK founded by a Scotsman William Paterson in 1694. HM Treasury issues gilts (commonly referred to as government borrowing) to pay for government spending and, since the date of first issuance in 1691, the UK has never once defaulted on its debts. The three record high periods of government borrowing were the Napoleonic Wars in the early 19th century (300% of GDP) and the two world wars of the 20th century (200% and 250% of GDP respectively). The cost of WWII was repaid in 50 instalments the last of which was settled with the US and Canada in 2006. Current UK Government borrowing at the year ended March 2020 was 85% of GDP and this is estimated to increase to 100% post pandemic.

These seven sturdy pillars underpin the architecture of the UK's nationhood which benefits all four countries through the pooling of resources. Yes of course, each pillar could be replicated for Scotland as an Independent nation but it would take a generation and cost a fortune to replace them and it is arguable whether each new pillar would be as sturdy as the existing. Especially in currency where a new Scottish Dreichma could never match the 330 year credit track record of Sterling which gives the UK access to cheap and readily available international money markets.

**So let's not abandon the UK which gives Scotland protection under the seven trusty pillars of the Union. //**



01.  
WHAT IS THE POINT OF THE UK?



St Giles' Cathedral also known  
as the High Kirk of Edinburgh.



## 02.

# STERLING – THE UK'S SILVER BULLET

**S**ince the first date of issuance of gilts in 1691 by The Bank of England, the UK has never once defaulted on its debts. The three record high periods of historic government borrowing were the Napoleonic Wars (300% of GDP) and the two world wars (200% and 250% respectively). Current UK borrowing at the year ended March 2020 was 85% of GDP and is forecast to have risen to 100% as a result of the pandemic. This clean credit history of borrowing and repayment is an enormous and highly valuable legacy to the modern United Kingdom and one which we should deploy against the Nationalists as they seek to break up our country.

To re-cap, Sterling is the 'share price' of the UK as a sovereign economic entity which gives us access to international capital markets. It is the vehicle of monetary exchange which allows both international and domestic investors to buy government securities known as 'gilts' which fund government expenditure in advance of tax collection. In short, Sterling is the silver bullet of the Union because it allows our government to create money on behalf of 'we the people'.

---



The Bank of England,  
founded by a Scotsman.

---

Of course, every country can have its own currency, but the magic of Sterling is that it is one of the world's top five reserve currencies (Dollar, Pound, Euro, Swiss Franc and Yen) because the UK has never once defaulted on its gilts in 330 years. This gives us pricing power and, therefore, access to more and cheaper funding than most other nations. Sterling gives us access to the vast sums of international funds which are looking for a safe home and, the great news for all of us right now, is that funding is currently available to the UK at rock bottom prices.

At this point, I hear the Tory hard-core muttering unhappily into their G&Ts: we must "live within our means" and "vast debt is for the Labour Party" and "we are the party of fiscal rectitude" and "we exist to clean up the mess of socialist

governments". Some of that is true, but only because Labour governments don't know how to deploy capital efficiently and economically, not because it is wrong for governments 'to borrow'. After a decade of austerity, where successive Tory Chancellors have parroted these same old lines, it's time now to slay some of these old Tory dogmas and dispel these ingrained myths of post-war economics.

**DOGMA No.1\_\_\_\_\_:** that government deficits are bad. By Newton's third law, if the government is in deficit, someone else must be in surplus. So, who is the government's counter party? Answer: we the people. So how can we the people being in surplus be a bad thing? Answer: only if the government spends its deficit on things which don't benefit we the people. If it spends its deficit wisely on good and worthwhile things that benefit us like our health, our pensions, our defence, our economy, our education, our jobs, our housing and our environment and, so long as it keeps inflation under control, how can that be a bad thing?

**DOGMA No.2\_\_\_\_\_:** that the state has no money. This was a myth peddled by Margaret Thatcher; she famously once said the state's spending power was limited to its citizens' ability to pay tax. The grocer's daughter was confused by her father's sound advice that we as individuals, households, families, companies and corporations must live within our means. That is true. But that does not apply to a sovereign state like the UK with a 330-year track record of issuing government securities which never default. The UK is a currency issuer not a currency user. We the people are currency users who must live within our means. In contrast, a currency issuer like the UK Government, trusted by investors to always repay its gilts, can spend ahead of its current tax collection so long as it nurtures a growing economy which will always repay these investments over the long term.

**DOGMA No.3\_\_\_\_\_:** that government issuance of gilts is borrowing. When I borrow, it comes with stringent conditions which I cannot dictate. If it is a mortgage, it is structured over 20 years but the price is 2% above bank base rate, it requires a 20% equity deposit and, if I default, I will lose my home to the lender. If it is a corporate loan, it will likely be a seven-year term with a margin of 3% over base and, if I trip a covenant, I will lose my business to the lender. In contrast, when the UK issues gilts, HM Treasury is the deal maker, not the lender. 80% of gilts are issued for term between 15 to 30 years, there are no covenants or events of default and the interest rate is set at bank base rate. The 'lender' has no recourse against the 'borrower' other than to wait for maturity and hope he gets repaid, which he always does. That means he is not a lender but instead an investor, and the government is not a borrower but instead a safe haven for investors.

**DOGMA No.4\_\_\_\_\_**: that the country cannot afford all this 'debt' and we are storing up problems for our grandchildren. Well, it has never been cheaper for the government to 'borrow' and if it invests that money wisely on levelling up this country by eradicating poverty and protecting our environment and turbo-charging our economy and sorting out our infrastructure and fixing our education system, I for one cannot think of a better use of cheap funding. And so long as our grandchildren are given a world-class education allowing them to become innovative and productive citizens, they will grow the economy which will repay our gilts as well as protect our planet. Did the 250% of borrowing left by WWII ruin the life chances of the baby boomers? No, quite the opposite, they worked hard and enjoyed life, grew the economy, created wealth for their families and, guess what, all the gilts got repaid.

It's time now to call out this shrill and irrelevant counterpoint between the left and the right which has dominated western democracies for the last 50 years. The left shout 'tax the rich' and the right shout 'shrink the state'. It's all so boring and fatuous, like two bald men fighting over a comb.

Instead, we should be taking advantage of record low interest rates and using that money to invest in our future. We should look across to the US, the country with the most trusted currency of all, and mirror the ambitious \$2 trillion stimulus plans of President Biden. He is using the US Dollar to overhaul and upgrade his nation's infrastructure to create "the most resilient, innovative economy in the world" with plans to fix 20,000 miles of roads and 10,000 bridges amongst a long list of projects intended to create millions of jobs in the short run and strengthen US competitiveness in the long run. It's bold and ambitious and reminiscent of Roosevelt's New Deal in the 1930s because it is focused on strengthening the social fabric of society as well as the economy by expressly targeting the twin challenges of climate change and racial equality as well as jobs and prosperity.

---



Joe Biden, 46th and current President  
of the United States of America.

That's why I would harness the power of Sterling to set up a multi-billion-pound British Levelling Up Fund which uses Britain's world-leading expertise in investment management to be corner-stone investors in re-booting our economy for the Fourth Industrial Revolution. Let's put rocket-boosters underneath every business and social entrepreneur in Cardiff, Glasgow, Manchester and Newcastle, backing them to succeed, to employ five, then 10, then 20 young people, all of whom will then repay that investment in lifetime taxes to HM Treasury. Other progressive countries like Norway and Singapore have Sovereign Wealth Funds that use the capital of the state to invest on behalf of their citizens, why don't we? We can go much further, with an ambition to invest in social wellbeing as well as economic, to re-build our crumbling high streets and strengthen our local communities.

So Boris, this IS our opportunity to level up in the UK once and for all. The pandemic has taught us to ask a different question when looking at funding our society. Not, 'can we afford it?' but instead, 'is it the right thing to do?'. Was it the right thing to do to put the country into lockdown for a year to protect the vulnerable and our NHS during the pandemic? YES. Was it the right thing to do to support Marcus Rashford's plan to feed hungry children during the pandemic? YES. Was it the right thing to do to extend an extra £20 per week of Universal Credit to our most vulnerable during the pandemic? YES. Can we afford it? YES. And finally, would it be a daft idea to put up taxes now and choke off any economic recovery post the pandemic? YES.

The world we live in today is changing at frightening speed. The solutions will come from we the people but the state has a responsibility to pump prime our weaponry and Sterling is indeed our silver bullet. We want a government which invests wisely and compassionately (through a combination of our state agencies, private sector and third sector partners) and which taxes we the people fairly and proportionately. Thereafter, Sterling will do the heavy lifting; it is the currency of the United Kingdom where the whole is greater than the sum of the parts and which allows our government to invest ahead of growth.

Currency is the Achilles heel of the Scottish Nationalist movement because, without a trusted currency, an Independent Scotland will not have access to funding on anything like the scale and price as the UK and, therefore, will be consigned to austerity never seen before in modern times. Currency is the glue that binds together the United Kingdom and Sterling is our silver bullet which protects our long-term prosperity.

**Sterling is the Silver Bullet of the UK that can make Britain work better for all four nations and lead the positive case for the Union. //**





03.

IT'S TIME TO EMBRACE  
DEVOLUTION AND  
SAVE THE UNION

**The devolved Scottish parliament in Holyrood has just celebrated her 21st birthday. But has she come of age? Prime Minister Boris Johnson recently described devolution as a 'disaster for Scotland'; but then, historically, the Westminster Tories have been reluctant supporters of devolution.**

Meanwhile, even the most ardent devolutionists can see that Holyrood is behaving like an irresponsible teenager complaining to Westminster about her pocket money and blaming London for all misfortunes instead of taking any responsibility for her own affairs. This is a fault-line that was built into the new parliament from the outset by the Labour Party thinking they would always still control Scotland from Westminster. In this third-of-seven essays, I argue that now is the time for the Tories to embrace devolution in order to save the Union.

The architects of Scottish devolution in 1997 were three Labour grandees and Glasgow University graduates John Smith, Donald Dewar and Derry Irvine. Their primary motivation was not only better governance for Scotland, as all three believed that Scotland's interests in the UK would always be protected at Westminster by both Labour and the Tories, but also as a device to stem the rising tide of Scottish nationalism. They figured they could deflect the nationalist charge that Scotland would be better governed in Edinburgh than in Westminster, and so created a half-way house which essentially kept power in Westminster but presented a stronger Scottish voice at home. Therefore, the house they designed was never intended to give a majority to any one party which, in turn, negated the need to create checks and balances through robust committees or a revising chamber. It was, as Tony Blair once described it, nothing more than a glorified parish council.

Fast forward to May 2021, and the Scottish National Party has been the ruling party in Holyrood for 14 years and has just been returned to Government for a record fourth term, albeit without a majority (64 seats out of 129). Nicola Sturgeon has already started campaigning on the premise that this result gives her a mandate for IndyRef2 despite this being a reserved matter to Westminster and her own party's promise in 2014 that IndyRef1 was "once in a generation". She is highly confident of pushing a Referendum Bill through Holyrood in the lifetime of the next parliament with the support of the pro-separation Green Party. The 'clever' device designed in Westminster by Labour to repel the SNP has instead been hi-jacked by them and turned back on Westminster Pac-Man style as a weapon now primed to blow up the United Kingdom rather than protect it.



The Scottish Parliament Building  
at Holyrood, Edinburgh.

---

One of the most invidious features of the SNP is the stark contrast between their shrill demands for more devolution of powers from Westminster and their own outright refusal to push similar devolution of power down throughout Scotland from Edinburgh. They are, in fact, a party of central command and control. During their time in office, the SNP have unilaterally renamed the "Scottish Executive" the "Scottish Government", systematically politicised the Scottish civil service into their operations arm, circumvented the Holyrood committee system, neutered the Scottish media, de-powered the 32 local councils and centralised the eight regional police forces into one Police Scotland. The resulting total absence of local scrutiny or challenge, combined with a masterful command of the airwaves exhibited by Sturgeon's 200+ daily Covid-19 TV briefings, allowed the SNP to dominate the election. This despite empirical evidence that, in every area of Scottish Government policy, key performance indicators have gone backwards in 14 years, the most shameful being in education and the economy.

The spectacular demise of the Labour Party in Scotland is, of course, the flip side of this nationalist surge. For years, Labour took Scotland for granted with their Westminster MPs turning up in Scottish constituencies once every five years to collect the client vote. Yet they were ineffectual in opposition when Margaret Thatcher's compelling free market economy led to the painful de-industrialisation of Scotland and, when in government under Tony Blair, New Labour appeared no different from the Tories, pursuing a Westminster agenda including an unpopular war. It was into this vacuum that the SNP stole a march. For 80 years or so, the Nationalists consistently polled no more than about one third of the popular vote but it was the demise of the Labour Party which drove it to the high-water mark of 45% in the 2014 IndyRef and today's 48% share of the vote in the 2021 Holyrood Election.

Which brings us to the Conservative and Unionist Party of Scotland. How ironic that it is now the Tories who provide the greatest barrier to a nationalist majority. The party that voted against devolution upon fears that it would lead inevitably to the break-up of the Union could end up being the party that saves the Union by embracing devolution and making it work on behalf of the Scottish people. Gordon Brown's proposed new constitutional settlement (reformed House of Lords, Forum of Nations and Regions etc) expresses the noble ambition of renewing and strengthening connections and relationships across the UK. But it is essentially federalism which cannot work on an island where England is dominant with 85% of the population and 90% of the wealth. Furthermore, despite Andy Burnham's best efforts, there is no appetite for the nine regional assemblies required in England to match the Edinburgh, Cardiff and Belfast assemblies which would make a federal administration in the UK balanced and fair.

Those in favour of more devolution argue that a grown-up and responsible administration in Edinburgh which was focused on administering devolution in partnership, instead of conflict, with Westminster could unlock the enormous potential of Scotland by giving Holyrood greater fiscal responsibility in return for greater accountability for how it spends the money it raises in Scotland. Currently, Holyrood controls 63% of expenditure in Scotland but raises only 47% of what it spends. Over 20 years, this is a considerable improvement on the opening position in 1999 when Holyrood was initially responsible for raising only 14% of what it spent; no wonder Billy Connolly christened it "the wee pretendie parliament".

However, it would be perverse to suggest that the solution to this disastrous decade of SNP maladministration in Holyrood is to hand them more power and more control when they have demonstrated only incompetency with existing powers. Equally perverse is the current situation where Westminster is literally sending free money over the border (another £15bn for the Covid-19 pandemic so far), yet the Nationalists still complain whilst not distributing that money to the hospices, farmers and small businesses for whom it was intended.

In any event, the recent Holyrood election did not give the SNP a mandate to call for more devolution and so the focus should now fall on how they maximise Scotland's prosperity using existing powers rather than always asking for more. So far in 14 years of government they have failed.

Holyrood must grow up in terms of scrutiny, challenge, transparency and accountability. As a priority, the committee system needs a complete overhaul. It was excruciating to watch the Select Committee chaired by SNP veteran Linda Fabiani being unable to access key legal evidence in the Alex Salmond

sexual misconduct case. This level of obfuscation and frustration by the Executive would never be tolerated in Westminster. Checks and balances are critical components in any mature democracy and the current mechanics of scrutiny and challenge at Holyrood fall way short of any minimum standard.

A Holyrood parliament that was reformed and focussed on a domestic agenda of increasing prosperity and fairness in Scotland, could then allow the UK to get on with what it does best deploying the seven pillars of the Union for the overall benefit of all four nations: the Barnett Formula, NHS, Pensions, Defence, International Affairs, Monarchy and Sterling with the greatest of these being currency. Most voters, even those who flirt with Independence, agree that issues such as foreign affairs and the economy are best dealt with by the UK.

Of course, Scotland could choose to be an independent country. But why choose austerity? When instead you can harness the power of the UK via these seven sturdy pillars of sovereignty which would take at least a generation to build from scratch. And where the greatest of these being Sterling gives Scotland access to funding at a scale and price it could never achieve on a stand-alone basis.

This is a golden opportunity for the Tories in Scotland to embrace devolution and save the Union; by making the case for a responsible and grown-up government in Scotland focussed on increasing prosperity and fairness at home whilst working in partnership with Westminster.

It's time for the Scots once again to punch above our weight in this oldest and most successful Union of nations in the world. //





## 04. HOW TO TURBO-CHARGE SCOTLAND'S ECONOMY

**Scotland's public finances are revealed each year in the ONS publication named GERS (Government Expenditure and Revenue Scotland). Most recently published in August 2020, these figures did not make comfortable reading for the SNP who have been in government in Scotland now for 14 years. In summary, GERS reveals that the British Dividend is more valuable to Scotland than ever before. In fact, it's worth nearly £2,000 for every man, woman and child in Scotland.**

How so? The reality is that Scotland's running costs are £81bn and our tax revenue is £66bn so we have an annual deficit of £15bn (pre pandemic) which equates to 8.6% of GDP. For comparison, the whole UK runs an equivalent deficit three times smaller at 2.5% of GDP (pre pandemic). This discrepancy is driven by Scotland's public spending of £81bn (pre pandemic) accounting for 9.2% of total UK public spending despite Scotland contributing 8% of UK tax revenue, in line with our population share.

HM Treasury manages central funding of the Union using a mechanism called the 'block grant' to the devolved administrations in Scotland, Wales and Northern Ireland. The block grant is in turn determined by the Barnett Formula. This formula was first introduced ahead of the 1979 General Election by the then Labour Chief Secretary to the Treasury Joel Barnett. It was initially intended as a temporary solution for determining funding allocations between the UK's four component nations, but it has remained in use ever since.

In essence, the Barnett Formula calculates devolved budgets by using the previous year's budget as a starting point, and then adjusts based on increases or decreases in comparable spending per head in England. The main advantages of this formula are (i) it helps to depoliticise the process of setting devolved budgets by removing the need for protracted annual negotiations; (ii) it ensures relative stability and predictability each year; and (iii) the lack of ring-fencing gives the devolved administrations the autonomy to choose their own spending priorities.

In England, however, the main grievance is that the formula results in significantly higher spending per person in the devolved nations. This is because (i) the formula uses the previous year's devolved budget as a starting point which locks in historic differences; and (ii) the formula is slow to respond to changes in relative population especially where the population has grown more rapidly in England. The net effect is that spending per head in Scotland today is running at 130% of England.

## 04. HOW TO TURBO-CHARGE SCOTLAND'S ECONOMY

Now, before my southern friends in the home counties get too grumpy about lazy and subsidised Scots, please consider some hard facts in mitigation:

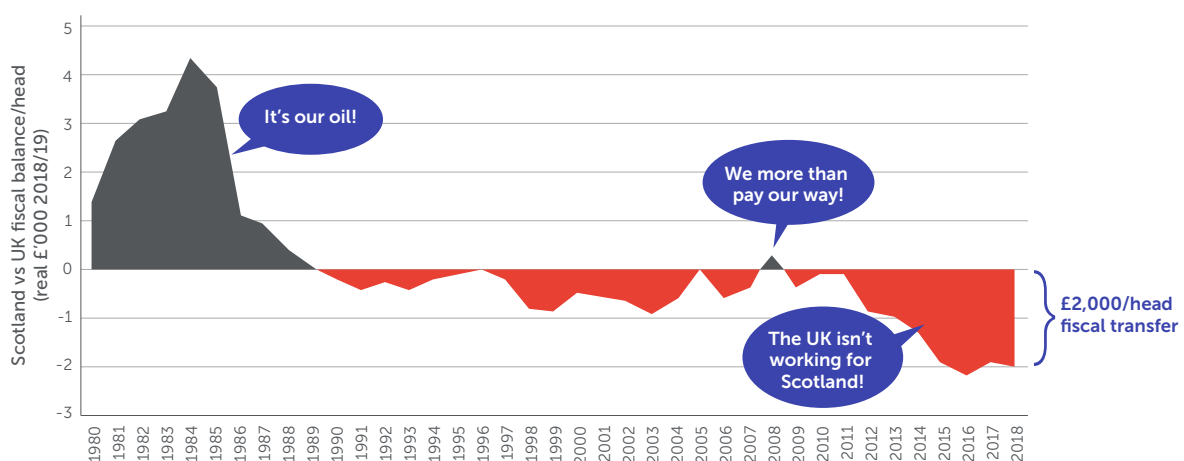
**01.**\_\_\_\_ Of the 12 regions of the UK (nine in England plus the three Celts), Scotland sits in fourth place in terms of GDP per head behind London, the Southeast and the Southwest, i.e. the best of the rest;

**02.**\_\_\_\_ Remember the whole point of the United Kingdom is that her citizens are treated equally wherever they reside. Therefore, the same standard of public services should be available to UK citizens irrespective of whether they live in Streatham or Stornoway. That Scotland contributes only 8% of the UK population, but 33% of the geography, means it is simply a fact that Scotland is more expensive to run. This makes the Barnett Formula an equalisation mechanism not a subsidy; and

**03.**\_\_\_\_ There have been times in the past when Scotland sent net surpluses to Westminster. Treasury papers released after 30 years embargoed show how relieved were Prime Ministers Wilson, Heath and Thatcher to receive North Sea oil receipts as they battled with the unions in the 1970s and 80s. The chart below from Kevin Hague of These Islands shows graphically how these surpluses and deficits have balanced out over 50 years, making the ultimate case for the Union, and showing how perverse are Nationalist claims that Scotland has been unfairly treated in the UK.

---

### Scotland vs UK Fiscal Balance



Source: These Islands analysis of Scottish Government SNAP and GERS data

---

For the historians amongst us, the geopolitical reality is that not much has changed since the Union was formed between England and Scotland in 1703.

England worked out that she could not defend herself without Scotland and that she would benefit economically from the whole being greater than the sum of the parts by being an island united. If that meant a union dividend to Scotland, well so be it, that's just the price of the deal and, frankly, it's still worth it to England today which is why David Cameron renewed 'the vow' in 2014.

However, that is not to say we Scots should not be running our economy much better! It should be a matter of principle and pride for any Scottish government, Unionist or Nationalist, to reduce the gap between expenditure and revenue in Scotland. I do not want the case for the Union in Scotland to be built on the idea of dependency; I want our Union to be constructed on the idea of mutual benefit and reciprocity where England, Scotland, Wales and Northern Ireland all do their best to raise and share resources for the common good. Whether we are pro-Union or pro-Independence, this is a goal we should all unite around.

In contrast, by every available measure, the management of the Scottish economy by the SNP during 14 years in government has been shamefully incompetent and inept. How else can one explain statistics showing that GDP growth has lagged UK in every year of their administration? Their record on job creation is woeful (England 15%, Northern Ireland 10%, Wales 8%, Scotland 5%) and productivity measured by business density and revenue per head is running at two thirds of the West Midlands (similar population). We have only 14,000 Additional Rate Taxpayers in Scotland; they comprise 0.5% of the population and contribute 16% of income tax. Contrast UK, where ARTs comprise 1% of the population and contribute 30% of income tax. But more embarrassingly, every business investment the SNP has ever made on behalf of the taxpayer has turned into an eye-watering, loss-making shambles. The sorry roll call of Prestwick Airport, Ferguson Shipbuilders, BiFab and Liberty Steel sadly demonstrates that business acumen simply does not reside in the DNA of the Scottish National Party.

It does not have to be this way. A responsible Scottish government would prioritise post-pandemic economic growth over any Independence Referendum; and here is a simple roadmap on how to turbo-charge Scotland's economy in eight clear steps:

**01.\_\_\_\_Restore our education to world-class.** The SNP have committed an act of national vandalism in driving down our once-revered education system from outstanding to average in the last 14 years. We should embrace the bespoke academy model which will drive up academic and vocational standards, especially in deprived areas, and we should give our citizens a lifetime voucher for continual educational development;

## 04. HOW TO TURBO-CHARGE SCOTLAND'S ECONOMY

**02.\_\_\_\_Get our young people into work.** It is a national scandal that 20% of our statutory school-leavers are not in employment, further education or training. In this modern 21st century, no-one in Scotland should be denied the opportunity to work and we should embrace job schemes for the public good to ensure a lifetime job guarantee;

**03.\_\_\_\_Make a national plan for prosperity.** Under the recent Smith Commission, we can keep our excess tax revenues if we grow them ahead of UK, so let's get a government department focused on that (instead of a vacuous 11-point plan for Independence) with a clear target to reduce Scotland's deficit to 5% by 2030;

**04.\_\_\_\_Improve our infrastructure, both physical and digital.** As my local shipbuilder Sir Willie Lithgow recently protested on a crumbling Rest and be Thankful, it was easier to get around Scotland in 1728 when General Wade was building the roads. Let's get our roads and railways upgraded and electric, and commit to full 5G roll-out across Scotland by 2030;

---



The Rest and be Thankful trunk road closure due to landslide.

---

**05.\_\_\_\_Promote immigration.** If we had secured our proportionate share of UK immigration in the last 30 years, our population would be 1 million higher. Our population is ageing and we need more taxpayers. Targeting the 3 million British Overseas Nationals in Hong Kong would be a great start;

**06.\_\_\_\_Re-design corporation tax.** This would allow a pro-business administration to create a bespoke regime of incentives to encourage entrepreneurs, inward investment, business start-ups and thereby create more higher rate taxpayers;

**07.\_\_\_\_Promote exports.** Small and medium sized enterprises (SMEs) are the heartbeat of the Scottish economy and these jobs only exist because we make world-class products which the rest of the world wants to buy. We need a joined-up and concerted campaign of "made in Scotland sold abroad"; and



**08.\_\_\_\_\_Create a sovereign wealth fund.** Expand the Scottish [National] Investment Bank into a vehicle which can actively manage investments in strategic industries for the benefit of the taxpayer on an arms-length basis from the politicians.

Ironically, if the SNP in these last 14 years had focused on the day job of making Scotland more prosperous, they might be within touching distance of the maximum 3% budget deficit demanded by their beloved EU. Instead, Scotland's deficit of 8.6% is double that of the worst performer in the EU27 being Romania at 4.3%. Hard reality says there are no circumstances in which the EU will step in to replace the £15bn British Dividend currently funded by the UK and, in the absence of a trusted currency, an independent Scotland will be unable to balance its books for at least a generation.

Sterling is the silver bullet of the UK which gives Scotland access to the international money markets on a scale and at pricing which we could never achieve as an independent country. The loss of Sterling and the Barnett Formula would give Scotland the worst possible start as an independent country. Why choose the austerity of independence when instead we can thrive and prosper within the UK?

**A Union which the Scots have created, shaped and led for over 300 years and which provides the platform for effective self-governance through devolution whilst enjoying shelter under the seven sturdy pillars of the United Kingdom. //**

05.

CAN WE PLEASE RESTORE  
OUR ONCE WORLD-CLASS  
SCOTTISH EDUCATION?

**I**t is said that the Scots invented the modern world, a tribute to the achievements of our scientists, philosophers, inventors, explorers, engineers, architects, doctors, botanists, writers, poets and soldiers.

All of whom benefitted from our once envied education system devised for the many not the few. Remember that universal education was established in Scotland in 1616 (in contrast to England where it was finally enacted in 1870) and that, of the seven ancient universities of the British Isles, four are Scottish. How else do you think our national bard and son of a peasant farmer Robert Burns studied Latin and Greek in 1767 at the age of eight?

Fast forward to March 2021 and the report just published by Scotland's independent auditor general on the SNP's much vaunted attempt to close the attainment gap between the rich and poor in our schools. "Judge me on this" said Nicola Sturgeon when she took up office as First Minister. Well, the judgment is in: according to the auditor general, just 46% of pupils from disadvantaged areas left school with five or more awards at Level 5. That compares with 82% in the wealthier parts of the country.

The OECD has also been sufficiently concerned to undertake a review of Scottish education because of the dramatic decline in our performance in PISA (the OECD's international survey of educational achievement) from outstanding to average during the last 20 years. Fourteen years of this decline has been administered by the SNP. How galling for the Primary 1 pupils in the entry class of 2007 whose life prospects today aged 19 have been so compromised by one political party. And how cowardly of the SNP to delay publication of this critical report until after the 2021 Holyrood Election.



James Watt FRS FRSE – Greenock born Scottish inventor, mechanical engineer and chemist, notable for his invention of the Watt steam engine in 1776.

So, here I must declare an interest. I was born in a tenement building at 33 Bank Street in the working-class town of Greenock in 1964. I was educated at my local state Ardgowan Primary and then at the town secondary comprehensive Greenock Academy. From there, I went up to Edinburgh University to read Law and then took the overnight bus to London with nothing more than one suitcase, my rugby boots, a chunky overdraft and a letter asking me to report to a merchant bank called Lazard. I like to think that Dr Johnson would have approved of this ambitious young Scotsman on the high road to England. What is not in doubt is that HM Treasury has made back in tax a hefty multiple of what the state invested in my free education.

To make sense of what has happened to modern Scottish state education, let me explain how it looked one generation ago. I entered Primary 1 aged five with no previous nursery or kindergarten experience. The entry roll was 60 children and we were allocated to 1A or 1B depending on our birthdays; I then went through seven years of primary school with the same class of 30 kids and in each year group we had a single teacher. The first five years were dedicated to the three Rs being reading, writing and arithmetic and we learned our times tables by rote. In Primary 6 and 7 the curriculum expanded to include elementary Science, History, Geography and General Knowledge, still taught by the one teacher and in these latter two years we sang in a school choir and had a football team for boys and a netball team for girls. All pupils wore a school blazer and tie and I recall no discrimination towards those who had second-hand uniforms or free school lunches. It was a very happy school led by headmaster Mr Robinson. Looking back, it might be described as prescriptive or even unimaginative but it prepared us for secondary school, especially through our end-of-term tests.



The old Greenock Academy  
demolished in the 1960s – a prime  
example of Scotland levelling down.

---

Going up to Greenock Academy aged 11 was a magical experience. Three feeder primary schools combined 125 pupils into one year allocated into five form classes. But now, for the first time, we were allocated subjects with a specialist teacher in each subject. The curriculum expanded such that science was split into Physics, Chemistry and Biology. We were introduced to modern languages (in these days compulsory for entry into the eight Scottish universities) but also to vocational subjects such as Art, Music, Home Economics, Woodwork and PE. But for me, the greatest discovery of all was Latin; it remains my lasting regret that I read Law instead of Classics at university.

Secondary school was set up to deliver six years of study on a 2+2+2 format. In S1 and S2 we were taught unstreamed in the broadest curriculum set out above with internal end-of-year class exams in these 15 subjects. In S3 and S4 we narrowed down to our chosen eight Ordinary Grade subjects which gave us two years to prepare for our O' Grades with formal end-of-S3 exams and mocks (past papers) in S4 both considered key milestones in exam preparation. We were streamed academically for the first time in S3. For those pupils who wished to leave school at 16, they departed at the end of S4 with O' Grade certificates recognised and valued in the workplace. For those of us who wished to go up to university, we narrowed down again to five Higher Grade subjects with a one-year intensive diet of exams at the end of S5; these were the crucial exams. It was possible to go direct to university after S5, but most of us stayed on for S6 where we took Sixth Year Studies in three chosen subjects.

During all this time, we gorged on extra-curricular activities. There were teams available in rugby, football, hockey, netball, athletics and cricket. We played competitive fixtures against schools in Renfrewshire, Ayrshire and Glasgow and our best athletes competed often at county and sometimes at national level. We sang competitively in choirs, played in the orchestra and delivered an annual Gilbert and Sullivan operetta. Our debating society was strong as was our participation in The Duke of Edinburgh's Award and we practised Scottish country dancing ahead of each year's Christmas dance. All of this was delivered by dedicated teachers who gave up their time generously and unpaid. And all the while we wore school uniform, we had a prefect and a house system and we all respected the Rector Bob Campbell. We all had one ultimate goal to get to university; there was no mention of Oxbridge, why bother when you had St. Andrews, Glasgow, Aberdeen and Edinburgh at home?



That was the Scottish state school system of 1969-1982 which provided a well-rounded, knowledge-based education accessible for all. Forty years later, we have replaced this with a shiny, new and 'progressive' system called 'Curriculum for Excellence'.

CfE asserts that the aim of education is to develop young people as *successful learners, effective communicators, confident individuals and responsible citizens*. The curriculum should demonstrate *challenge and enjoyment, breadth, progression, depth, personalisation and choice, coherence and relevance*. Above all, CfE is described as following a constructivist philosophy whereby pupils are expected to 'discover' knowledge rather than acquire it. This philosophy has fundamentally altered Scottish state education.

In primary education, it is now considered that formal schooling begins too early and so the early years up to primary 3 should focus on 'child-centred and play-based approaches' (bravo, no more boring old times tables) which effectively means kindergarten until you're eight. What happens thereafter is less clear because the government abolished the key performance measure in the primary sector being the Scottish Survey of Literacy and Numeracy in favour of Scottish National Standardised Assessments. This is code for no more testing, being the only objective measurement of attainment, to be replaced instead by 'diagnosis of individual difficulties' based on teacher judgment. Mmm.

In secondary education, the 2+2+2 format has been replaced by 3+3. So now S1-S3 is devoted to 'broad general education' which is code once again for no exams in these three years. S4-S6 can be devoted to gaining qualifications but must be *planned as a unified but flexible experience, allowing numerous pathways to be pursued*. The reality is that, with only one year now allocated to National Grade preparation in S4, meaning that the 160 hours per course is now required to be fitted into one year rather than two, the average number of subjects studied has dropped from eight to six. And guess which subjects get squeezed: sciences and languages. This has a knock-on effect to restricting choice of Highers in S5. There is evidence enough now to be clear that this decline in choice in S4 affects disproportionately the disadvantaged and, hence, the attainment gap has widened.

A recent paper by the Commission on School Reform gives a brutal assessment of CfE and, in particular, highlights its total disregard for the importance of acquiring knowledge. It states that psychologists agree that learning requires commitment to long-term memory combined with mechanisms of retrieval from long-term memory. This means that knowledge is fundamental to

learning. It is wasteful and ineffective to expect pupils to 'discover' ideas that are already well-established. Far more effective is to teach these ideas as part of interconnected bodies of coherent knowledge. In short, all sound learning depends on the acquisition of knowledge in a systematic way and this as relevant to vocational education as it is to academic learning. This is why exams are so important because they test knowledge and judge all candidates as equals. Continual assessment simply favours those candidates with the most effective parental support or better resources at home. By reducing the breadth of subjects studied and removing the rigour, discipline and stepping-stones of testing, we have done the greatest damage to the most in need.

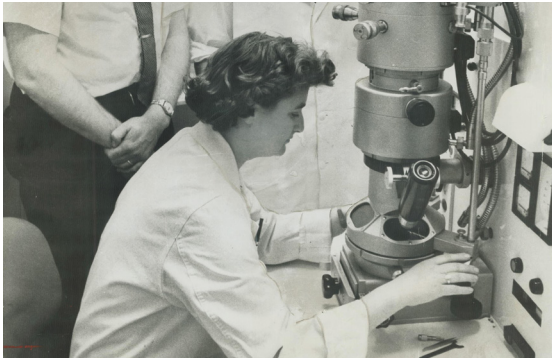
I returned from London to live in Edinburgh in 2014. I was reminded how beautiful the houses are on the outside and yet so modest inside. I soon learned why: because 25% of Edinburgh children attend independent schools whose fees absorb excess household income (this compares with 5% nationally). These independent schools still follow the good old fashioned 2+2+2 testing format; not for them this ghastly experiment with Curriculum for Excellence. Well-off middle class Edinburgh families have voted with their feet because they can afford it, what about the rest of Scotland?

One of my sisters still lives in Greenock but sadly she is unable to send her kids to the Academy because the government closed our school in 2011. With Inverclyde de-populating post de-industrialisation, the council had to reduce the eight regional secondary schools to six and it was deemed unfair to keep the Academy open because it conferred an unfair advantage to the pupils that attended it. Really? Is this not the most ludicrous example of how to level down instead of level up?

My older sister went up from Greenock Academy to Glasgow University to read Biochemistry where she took a first followed by a PhD with distinction. From there, her journey took her to the prestigious Swiss Institute for Experimental Cancer Research in Lausanne for a 10-year post-doctorate and then into a senior management role in food science with Nestle. I especially admire her glittering career achieved in the shadow of multiple sclerosis and without complaint. At Christmas, I sent her an obituary she might enjoy of a British virologist named June Almeida. The Times did not publish her obituary on her death in 2007 but was keen to rectify that in 2020. Because in 1966, Almeida discovered the coronavirus while working at St Thomas' Hospital in London where, 54 years later, the Prime Minister Boris Johnson would be treated for a near-fatal encounter with Covid-19.

June Almeida was born June Dalziel Hart in 1930 in the Dennistoun area of Glasgow. Daughter of a bus driver, she was raised in a tenement building and, in 1939, her five-year-old brother Harry died of diphtheria. She attended Whitehill Secondary School and won the science prize but, as her family circumstances prevented her from going up to university, she went to work instead at Glasgow Royal Infirmary as a histopathology technician, examining tissue under a microscope for signs of disease. Professor Hugh Pennington, who worked with her at St Thomas', said "if you wanted something under an electron microscope, you went to see June. If she couldn't deliver, nobody could."

---



June Almeida, Scottish virologist and pioneer in virus imaging, identification and diagnosis.

---

June did make a great 'discovery' but only because Whitehill Secondary first gave her knowledge!

What a scandal that this richest of all Scottish traditions has been trashed in just a few short years. A good education remains the most powerful tool of social mobility ever invented. We must rectify this urgently by placing the attainment and retention of knowledge once again in the centre of our state schools' philosophy.

We must ensure that a world-class Scottish education system does not become the preserve only of the well-off middle classes but instead discovers and then propels more June Harts to the stars. //

06.

IT'S TIME TO LEVEL UP  
IN SCOTLAND TOO

**P** rime Minister Boris Johnson pulled off a major shock when he won a stunning general election victory in December 2019 recording a landslide majority of 80 seats. The Conservatives won 43.6% of the popular vote, the highest percentage since Margaret Thatcher in 1979. The greatest gains were made in the north of England where Labour's red wall crumbled and voted blue for the first time in decades, or ever.

Clearly, Brexit was a massive factor in these leave-voting heartlands, but constituents also bought into Boris's pledge to 'level up' the country. Since then, the pandemic has blighted the nation and our economy but this has just heightened the awareness of inequality in our country and, especially after the most recent stunning Conservative gains in the local English Council elections, the levelling-up agenda is even more the main priority of 10 Downing Street.

Sadly, we see no similar sense of priority from the current SNP administration in Scotland. After 14 years in power, every single area of government performance has levelled down not up. The list of SNP failures in policy is staggering and it is quite remarkable that Sturgeon has single-handedly kept public opinion oblivious to her track record in government. Our once revered state education system is in decline, our economy (pre pandemic) is stuttering to a flat line, NHS Scotland is unable to open new hospitals safely on time and on budget, our new Forth road bridge keeps closing in cold weather, our trains are over-crowded and run late with two thirds on single tracks, we can't build our own ferries, one fifth of our young school-leavers are not in employment, education or training (NEET) and our drug-related deaths are the worst in Europe by a factor of four.

Surely, it's time now to level up in Scotland, too? It's time now for a radical and far-reaching agenda in Scotland. We are living in extraordinary times. The Fourth Industrial Revolution is hurtling towards us at break-neck speed with a fusion of advances in artificial intelligence, robotics, genetic engineering, etc blurring the boundaries between the physical, digital and biological worlds. All happening at a time when the world has been turned upside down by a global pandemic, by Brexit, by escalating geopolitical tensions between US, China and Russia, and with climate change still posing the greatest threat to our planet.

Where to start? I am a Trustee of the Duke of Edinburgh's Award and, on our DofE expeditions, we were taught that the only way to quickly pitch a tent for shelter in a howling gale in Glen Etive was to focus on getting the first corner pegged down and then one by one the other three. We need shelter in Scotland, first to re-set, then to re-build after 14 years of maladministration. The only way to level up is to focus on our four corners.

### **1. It's time now to level up in Scotland with a Universal Education Guarantee**

Our first corner is education. We have already covered in detail in part 4 the decline of our once envied state education system. I make the case for the restoration of 'knowledge' as the central philosophy in our state schools. We know the solution in this baffling 21st century is not simply to turn the clock back to Victorian teaching methods by rote, not least because physical classes don't exist at the moment. And anyway, how do you teach children today when two thirds of the jobs they will do in the future are not yet invented?

Let's start by embracing digital, cognitive learning but in such a way as to embed knowledge into our students; from a very young age their brains are bombarded with information, we need to distil that information overload into knowledge. Therefore, each student must have access to a laptop plus tutor and should be tested regularly and then streamed into academic or vocational pathways both being valued equally highly. Those from homes where there is less parental support need extra supervision and, when schools do return, we need longer days, longer terms, comprehensive hot breakfast and lunch provision and lots of extra-curricular activities ranging from coding to volunteering.

This requires a revolution in the teaching profession not just in numbers but also in skill-set and philosophy to tailor a bespoke programme for each child in a wide diet of school activities ranging from the academic to the vocational to the pastoral to the extra-curricular. We must be more flexible and equitable in how we teach at the same time as refusing to compromise on high standards via thorough testing and respected qualifications in each activity alike.

Two Scottish entrepreneurs have expressed their frustration with our lack of imagination in education. In the TV programme 'Teaching Tom' in 2016, Sir Tom Hunter concluded that we suffer from a 'one size fits all' approach and highlighted we need better leadership and more open minds in Scotland to close the attainment gap. Lessons learned south of the border, where one third of state schools is now either a free school or academy, demonstrates that it is possible to achieve outstanding performance in poorer neighbourhoods. The best success is achieved where control is removed from the dead hand of the local authority and instead is undertaken by ambitious local governors who want the best for their local school and, therefore, are prepared to do things differently. The academy model has been fiercely resisted by teaching unions in Scotland but Sir Tom asks 'if it works, why wouldn't we try it?'

## 06. IT'S TIME TO LEVEL UP IN SCOTLAND TOO

Meanwhile, Jim McColl created a monster (success) when he established Newlands Junior College in Glasgow in 2014, a vocational school targeting the 20% cohort of our statutory school leavers who go NEET or worse still, get involved with crime, having struggled in mainstream education. Twenty-five pupils per year aged between 14 and 16 were given active mentoring as well as vocational skill building and, in a five-year period, Newlands benefitted 125 vulnerable young people by improving their chances of achieving a positive destination from 25% to 75%. The cost of £15,000 is undoubtedly high against the average pupil state budget of £7,000 but surely this additional cost is more than offset by the benefit to society of converting probable welfare recipients into viable tax payers and by the very substantial associated savings to the NHS and the criminal justice system. All too predictably, the SNP government refused to fund it any further so after five years it closed in 2019; apparently, the concept of an 'independent' school receiving public money was too much for teaching unions to accept with local authorities fearing it could be a trail-blazer for 'English style academies'. Really?

---



Newlands Junior College, Glasgow.

---

We need a revolution of innovation, leadership and imagination in education. This is OUR specialist subject. We should be ashamed that Scottish state school education has fallen behind England and Wales for the first time in history. One fifth of our statutory school leavers do not have positive destinations and the lifetime cost to them of this permanent wage scar is enormous as is the cost to the economy in terms of future welfare. Meanwhile, we have a quarter of a million children living in poverty in Scotland and a good education is their only route out. The attainment gap has only widened with the impact of the pandemic and this is a crisis which needs urgent governmental attention. We are letting down a whole generation of young Scots. No more socialist dogma. Surely, it's time now to level up in Scotland with a Universal Education Guarantee?



## **2. It's time now to level up in Scotland with a Universal Job Guarantee**

Our second corner is employment. It's time now to end unemployment once and for all. Countless studies show that young people who go NEET at 16 never recover their earning power and often become lifetime recipients of welfare, therefore, it is a rational economic decision for the state to get them into employment from the start. It's always easier to get a new better job from an existing job and getting into the working habit needs to start young. Equally, unemployment does enormous damage to older workers who find themselves de-skilled as the digital revolution leaves them behind. Every UK citizen should have a life-time learning voucher which allows them back to college to up-skill or re-skill to allow them to switch jobs and sectors multiple times in a lifetime of work. We Scots have seen the damage done to working class communities and families caused by the de-industrialisation of Scotland in the 1980s, an unfortunate by-product of a free market economy. Margaret Thatcher was right that the state could not support unprofitable industries, but she was wrong in the state providing no parachute or Plan B for the workers.

Where are all these jobs going to come from? In part 3, we set out a plan for repairing our economy by growing our private sector once again. This will increase employment in Scotland BUT there is a lag effect whereby these new jobs will not kick in immediately. Therefore, the state should pick up the immediate slack in two ways:

**01.\_\_\_\_** A major state investment in infrastructure and house-building is required to allow our economy to maximise its growth in the 21st century which will create meaningful employment;

**02.\_\_\_\_** The state should create a new status of workers employed to enhance the public good. This pandemic has proven that we value key workers in our communities and that we're short of them. So, whether it's in our hospitals, or our schools, or our community centres, or our public parks and buildings and amenities, there are worthwhile jobs to be done for the benefit of our communities that can give meaningful employment to both young and old. Surely, it's time now to level up in Scotland with a Universal Job Guarantee?

### **3. It's time now to level up in Scotland with a Universal Housing Guarantee**

Our third corner is housing. Surely, it's time now to end the scourge of homelessness in Scotland? We have 51,365 homeless people including 15,711 children. This urgent need requires only 30,000 additional houses and then add an additional 70,000 homes required for social rent owing to an unaffordable private sector and because of our ageing population. Combined, this requirement is only 4% of our total households of 2.5m; an eminently achievable target which would cost £1bn per annum over 10 years. And yet, the SNP Finance Minister in her last budget quietly slipped through a cut of 16% in the Scottish Government's funding of its Affordable Housing Supply Programme reducing annual spend to just £700m. The SNP are not interested in levelling up in Scotland, only down. Surely, its time now to level up in Scotland with a Universal Housing Guarantee?

### **4. It's time now to level up in Scotland with a Universal Environmental Guarantee**

Our last corner is environment. It's time now to build out the infrastructure required to equip Scotland for the 21st century where we can live and work remotely, cut our carbon footprint and strengthen our communities by boosting our local amenities. The great myth of urban Britain is exposed by the statistics: urbanisation accounts for 10% in England, 4% in Wales, 3% in Northern Ireland and only 2% in Scotland. Combined, only 7% of the UK is built upon compared with 13% being woodland. Seventy per cent of Scots live in the central belt so the Glasgow-Edinburgh axis could easily become one joined up conurbation with high-speed rail and an electric M8. Reversing many of the Beeching cuts will bring community railways back into remoter regions (the Borders railway has been a major success) and major upgrades to an electric A9 plus northern railways linking Aberdeen to Inverness could significantly reduce journey times.



The Borders railway reversed Beeching cuts and has been a great success.

Add in connectivity to England through HS2/3 and a tunnel from Scotland to Northern Ireland and you should be able to travel around both Scotland and the UK by train, bus or ferry with one simple Oyster card. Meanwhile, superfast broadband will be the saviour of local communities in this digital age. Surely, it's time now to level up in Scotland with national broadband, efficient transport, vibrant local communities and a carbon-neutral economy by 2050 thereby creating a Universal Environmental Guarantee?

Which brings us to the pressing question: how on earth are we going to pay for all of this? The answer brings me back to where I started in this series of seven essays and it is encapsulated in one simple word: **Sterling**. The UK's trusted currency is the most valuable of the seven sturdy pillars of the UK and that is why currency is the Achilles heel of the nationalist movement. Without any ability to access international money markets through her own trusted currency, an independent Scotland will be plunged into austerity never seen before in modern times and yet, with access to Sterling through the UK, the future for Scotland has never been brighter. Sterling is the UK's silver bullet and it doesn't belong to the Nationalists.

So, let's use Sterling now to invest in education, jobs, housing and the environment and demonstrate how Scotland will be fairer and more prosperous by remaining inside the UK. //



# 07.

## A BRIGHT NEW FUTURE FOR SCOTLAND

**I**n this final essay, we can now pull together a vision of a more prosperous and fairer Scotland inside the UK in this fast-moving, digital and baffling 21st century.

In the USA, between 1933–39, President Franklin D. Roosevelt promoted bold legislation to implement his New Deal: a series of programmes, public works, financial reforms and regulations designed to re-set America for the next 100 years following the great depression. The New Deal focused on the 'Three Rs': relief for the unemployed, the poor, the youth and the elderly; recovery of the economy to drive future wealth creation to pay for it; and reform of the financial system to prevent a repeat depression. Its lofty ideals included full employment, universal pensions, prominent public works and affordable housing for all. Although Roosevelt was a Democrat, the New Deal still has an enduring appeal to moderate and liberal Republicans which is why Roosevelt is revered today as a President who united rather than divided America.

---



Franklin D. Roosevelt, 32nd President of the United States of America.

---

It's time now for a New Deal for Scotland. As described before, the Fourth Industrial Revolution is coming at us like a runaway freight train and we need to get control of it. This requires us to create a progressive, dynamic Scotland at ease within the UK but which rules her own domestic affairs confidently and responsibly via her own elected MSPs in a Holyrood parliament which incorporates robust checks and balances against abuse of Executive power. A Holyrood parliament which has come of age and is here to stay. A Holyrood parliament which works in co-operation with Westminster, instead of in conflict, and which focuses on devolved matters and is content to allow the UK to administer reserved matters. A Scotland where all citizens are guaranteed a world-class education, a job, a home and a safe digital-ecological environment in which to live and work.

We have explained in some detail how currency is the key economic tool to underwrite this New Deal and that Sterling is the golden ticket of the UK because it allows HM Treasury to issue gilts to spend ahead of recovery just as Roosevelt did in the 1930s. The pandemic has demonstrated that we can always find the money when we change the question from 'can we afford it?' to 'is it the right thing to do?'. To recap, government deficits are not bad so long as these funds are invested in the health, education, prosperity and wellbeing of we the people. And we are not storing up unaffordable debt for the next generation by investing today in our economy, our education, our healthcare, our housing and our environment because that will enable the next generation to be wealthier and live longer than the previous which means that they, just like the post-war baby boomers, will power forward an economy which always repays the gilts. Remember that Sterling has never once defaulted in 330 years!

So, you say, is this just the Magic Money Tree after all? I say NO, because we the people know that nothing in life is for free and, therefore, we cannot and should not rely on the state for everything but instead we must all do our best to be self-sufficient. How?

Karl Marx's answer to that question is that everyone should take according to their needs and give according to their talents. The closet Marxist in me admires this concept but, sadly, the enforcement of such a utopian society by authoritarian regimes in the 20th century resulted in them killing more of their own citizens than the two world wars combined. A re-read of George Orwell's 'Animal Farm' is a quick reminder how such an equitable idea can create such an inequitable world. But let's not give up on utopia just because of Lenin, Stalin, Mao Zedong and Pol Pot. Surely, there must be a way to create this New Deal in a liberal democracy where the concepts of the majority being productive and the vulnerable being protected are valued equally highly?

YES it can be done. But it requires a social contract or covenant between the government and the people. I deliberately use the word 'covenant' instead of 'promise'. A covenant is a voluntary agreement between two parties which results in both sides having clear and stated obligations and responsibilities to each other whereas a promise is a unilateral assurance of something from one party to the other. A covenant is perceived as being too uncertain or ambiguous to be enforceable in law, but it has great moral authority if it is transparent and respected by both parties on a voluntary basis.

## 07. A BRIGHT NEW FUTURE FOR SCOTLAND

So, here is the social contract which I will name the British Covenant.

Under the terms of the British Covenant, the government will guarantee to we the people:

- 01.\_\_\_\_ Security – defence of the realm
- 02.\_\_\_\_ Education – with a lifetime voucher
- 03.\_\_\_\_ Employment – with a living wage
- 04.\_\_\_\_ Housing – with an affordable base
- 05.\_\_\_\_ Healthcare – with dignity in old age
- 06.\_\_\_\_ Environment – which is safe, digital and ecological

Under the terms of the British Covenant, we the people each and individually will guarantee to the state:

- 01.\_\_\_\_ To work hard if we can – and pay our taxes gladly
- 02.\_\_\_\_ To value our education – and keep on learning throughout our lifetime
- 03.\_\_\_\_ To volunteer in our communities – and care for those less fortunate
- 04.\_\_\_\_ To live within our means – and not get into unmanageable debt
- 05.\_\_\_\_ To strive to be a net giver – rather than net taker from the state
- 06.\_\_\_\_ To defend our country – according to our conscience

Under the terms of the British Covenant, the government through HM Treasury can responsibly use Sterling to issue gilts to raise money to invest in the state's six obligations and we the people can create a more prosperous and fairer society by fulfilling our six obligations. The government should tax us fairly and proportionately, but in such a way as to always incentivise us to work hard and create prosperity, which in turn will allow the government to always redeem the investors in our gilts. This is a voluntary covenant. No-one is keeping score and Big Brother is not watching you. It's effectively an honour code between we the people and our elected government. If the government does not fulfil its obligations, then we the people can vote them out. If we the people don't keep to our side of the covenant, well that's on our consciences and, ultimately, we will all be worse off!



We turn now to our conclusion, the grand finale of our ambitious tour of Scotland. We have covered in some detail the key performance indicators which measure the health of our economy, our debt to GDP, our currency rating and our education ranking, all of which we can now prove emphatically to be significantly enhanced by Scotland remaining inside the UK, rather than leaving.

But as Robert F. Kennedy lamented in 1968, Gross National Product tells us lots about our economy and material wellbeing but less about our personal and community wellbeing: "Because 'GNP' does not measure the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strengths of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country; it measures everything, in short, except that which makes life worthwhile."

---



Robert F. Kennedy, 64th United States Attorney General and US Senator from New York until his assassination in June 1968.

---

Let's finish by acknowledging what makes life worthwhile: which is our families and our communities.

The United Kingdom is a family. We have already used the metaphor of a grand cathedral to describe the UK, within which the four home nations commune together; four distinct communities but one united congregation. The mighty roof is held up by the seven sturdy pillars of the Barnett Formula, NHS, Pensions, Defence, International Affairs, Monarchy and the great central steeple of Sterling.

But it's so much more than that; ultimately, it's all about our own families. Throughout every corner of the four home nations, our own families are inter-twined and inter-married bringing diversity and vibrancy to Britain. Add our cousins from our international Commonwealth, and Britain is indeed

a rainbow nation united by values of family and decency and tolerance and community; where we share resources and help each other to ensure that being British is greater than the sum of the parts.

This is why investors are queuing up to buy our gilts. A nation that was a winner in the vaccine race is a nation worth investing in, is it not?

Yes, of course, we Scots will compete like hell to beat the English in every sporting and cultural endeavour, but we also know that our grandparents fought and died together, ate and drank together, and married and loved together. There is no room for borders on this amazing island of ours and there is no case for separation when we can build a more prosperous and a fairer Scotland inside the UK.

And finally, I'm sorry but, just because you don't like Boris is not a good enough reason for leaving. First, Boris is not a typical Englishman and, second, Prime Ministers come and go. So far, we've shared 55 of them (11 Scottish) in this 314-year-old Union and some were better than others. Enough of the petty personality politics between Boris and Nicola. That is not any basis for making a long-term decision about our future. Let's raise our game and get the best of both worlds by better managing our own domestic affairs in Holyrood whilst retaining all the benefits of the UK and once again punching above our weight inside the UK.

The Nationalists know in their hearts there is no way an independent Scotland can offer her people the same level of prosperity or fairness as guaranteed by the UK. Yes of course Scotland can still make that unilateral decision and, yes I agree that money should never be the only reason to stay in an unhappy marriage. But be sure before you close that door, before you roll those dice, please think twice. This Union of ours is not broken, it just needs re-energised and there are just as many emotional reasons to stay as economical ones. And anyway, didn't we all agree to stay in 2014, and that was for a generation, right? Enough of this division and rancour!

It's time now to level up in Scotland. It's time now for a New Deal. It's time now for a British Covenant.

To my fellow Scots I say: It's time to end division, stay united and let's re-build Scotland inside the UK. //

## REFLECTIONS FROM THE AUTHOR

When we went into lockdown on 23 March 2020, I did not expect to be standing as a Scottish Conservative candidate for the Lothian Region in the May 2021 Holyrood Election just won by the SNP.

I am primarily a businessman but I have had a lifetime fascination with the world of politics. This was sparked into action by demands from the SNP last year for another divisive Independence Referendum in Scotland. These demands will now increase in volume and intensity following their recent victory at the polls.

Upon entering the political ring, it seemed sensible that I should articulate why I believe Scotland's future prospects are so greatly enhanced by remaining inside the UK. To put forward a positive case for the Union, just as passionately as the Nationalists rail against it, on this perennial constitutional issue. To my surprise, my writing turned into the seven essays published herein. Perhaps lockdown was good for fresh political thinking?

I was hopeful that one of two might be published and so they were: by Reaction, Reform Scotland, Policy Exchange and The Spectator. My thanks go to Eddie Barnes with his assistance in placing these pieces. But my particular gratitude goes to my Chilean Scottish friend Nicolas Ibanez Scott who, upon reading my pieces, insisted that they must be collated in this pamphlet.

So now the battle lines are drawn for the future of Scotland within the Union. To my Unionist friends, especially those in power in Westminster, I suggest that a change of tone towards Scotland might just be the single biggest weapon in your armoury. Scotland is a proud nation and needs a positive narrative to fall back in love with the Union we helped to create and shape for 314 years. To my Nationalist friends, I ask for compromise and reform. Together, let's find a pathway to unity not division.

And finally, to my fellow Scots I say **be sure before you close that door, before you roll these dice, please think twice.**



## An electoral snapshot

Scotland's population is 5.3 million giving an eligible electorate of 4.3 million who have voted as follows:

Indy Ref 1 (2014)	
Unionist	2.0m (47%)
Nationalist	1.6m (37%)
Didn't vote	0.7m (16%)

Brexit (2016)	
Remain	1.6m (37%)
Leave	1.0m (23%)
Didn't vote	1.7m (40%)

Holyrood (2021)	
Unionist	1.4m (32%)
Nationalist	1.3m (31%)
Didn't vote	1.6m (37%)

**Further reading on the matters referred to in the seven essays can be found in the following documents:**

### **GERS 2020**

[gov.scot/publications/government-expenditure-revenue-scotland-gers-2019-20](http://gov.scot/publications/government-expenditure-revenue-scotland-gers-2019-20)

**Commission on School Reform – Submission to OECD review of Curriculum for Excellence**  
[reformscotland.com/wp-content/uploads/2020/11/CSR-OECD-submission-final.docx.pdf](http://reformscotland.com/wp-content/uploads/2020/11/CSR-OECD-submission-final.docx.pdf)

**Reform Scotland – Making A Success Of Immigration To Scotland**  
[reformscotland.com/wp-content/uploads/2021/04/Entry-Points-Making-a-Success-of-Immigration-to-Scotland.pdf](http://reformscotland.com/wp-content/uploads/2021/04/Entry-Points-Making-a-Success-of-Immigration-to-Scotland.pdf)

### **Scottish Conservatives – Power Up Scotland**

[scottishconservatives.com/wordpress/wp-content/uploads/2020/08/Power-up-Scotland-Aug-2020-1.pdf](http://scottishconservatives.com/wordpress/wp-content/uploads/2020/08/Power-up-Scotland-Aug-2020-1.pdf)

**Strathclyde Commission – Commission On The Future Governance of Scotland**  
[scottishconservatives.com/wordpress/wp-content/uploads/2014/06/Strathclyde\\_Commission\\_14.pdf](http://scottishconservatives.com/wordpress/wp-content/uploads/2014/06/Strathclyde_Commission_14.pdf)

**'Resist, Reform or Re-Run' by The Blavatnik School of Government, University of Oxford**  
[bsg.ox.ac.uk/research/publications/resist-reform-or-re-run-short-and-long-term-reflections-scotland-and](http://bsg.ox.ac.uk/research/publications/resist-reform-or-re-run-short-and-long-term-reflections-scotland-and)

**'Union at the Crossroads' by The Constitution Society, University of Cambridge**  
[bennettinstitute.cam.ac.uk/media/uploads/files/Union\\_at\\_the\\_Crossroads\\_Report.pdf](http://bennettinstitute.cam.ac.uk/media/uploads/files/Union_at_the_Crossroads_Report.pdf)

**Lily of St. Leonards: The dependent vote for independence**  
[effiedeans.com/2021/05/the-dependent-vote-for-independence.html](http://effiedeans.com/2021/05/the-dependent-vote-for-independence.html)