

May day

On 1 May 1707 the Act of Union between England and Scotland came into affect. Today, 310 years on, what is the state of the Union?

It feels from the polling that Scotland is happy with the way she made up her mind in the recent referendum to stay in the union of the UK. The polls to remain have been fairly steady ever since the vote.

The case for Independence floundered on three main worries. The first was what currency would an "independent" Scotland use? Those in favour of independence strangely wanted to stay dependent on the Bank of England and retain access to the liquidity and credit lines of that central Bank, when the rest of us said if you leave the Union clearly you can no longer be an inside member of the Bank of England system with full facilities for all your banks. There was a marked reluctance to accept the Euro and no fervour for an independent currency to make Scotland properly independent.

The second problem was the financial arithmetic on spending, taxing and borrowing. The referendum took place against a background of oil over \$100 a barrel. Even at those prices the fast run off in the volumes of oil thanks to the maturity of the Scottish oil province meant a strain to afford all the present spending levels. Since the vote the price of oil has halved, meaning there are no oil revenues to take back from the Union. This would leave Scotland with high increasing borrowings and or in need of tax rises on some scale.

The third problem was quite a lot of the SNP seemed in reality to be in favour of Devo max, more control over law making and spending in Scotland whilst remaining a member of the UK. Their idea of Devo Max went beyond what any of the Union parties thought feasible or sensible.

Many Scots have now decided they are Unionists. Others have decided now is not the time to cut loose. They see there are no plans they believe on currency and finance that make sense.

We may discover the state of the Union is healthier than the SNP wish. It is interesting how the SNP attempt to use the EU referendum result to shift opinion does not seem to have worked. It has also left them arguing both that leaving the EU is economically damaging, but leaving the UK is not, which is quite a contortion to bring off.