

# CRS Insights

Scotland's Independence Referendum

Derek E. Mix, Analyst in European Affairs ([dmix@crs.loc.gov](mailto:dmix@crs.loc.gov), 7-9116)

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## Introduction

"Should Scotland be an independent country?" Residents of Scotland will answer this question in a referendum on September 18. The "No" campaign had a 22-point lead in August, but after a shift in favor of independence the referendum appears headed for a close finish. The latest [poll numbers](#) indicate that the race is too close to predict.

Scotland, England, Wales, and Northern Ireland are the four "nations" that comprise the United Kingdom—the world's sixth-largest economy and fifth-largest military power (by expenditure), and the country often considered the United States' closest ally. Scotland's population, about 5.3 million, is over 8% of the U.K. total, and Scotland's gross domestic product (GDP) is nearly 10% of the U.K. total. The crowns of England and Scotland were joined in 1603 and their parliaments merged in 1707.

In 1998, the British Parliament passed an act creating a Scottish Parliament with powers over regional issues. The Scottish National Party (SNP) won a majority in the Scottish Parliament in 2011 and intensified its push for a referendum on more devolved powers or outright independence. In 2012, UK Prime Minister David Cameron and Scottish First Minister Alex Salmond, who leads the SNP and is the chief advocate of independence, agreed on a single-question, in-or-out referendum. Cameron asserted that he agreed out of respect for Scotland's election of a party that has long wanted a referendum.

## The Case for Independence

[Advocates of independence](#) view the referendum as a chance to realize a long-held dream of self-determination. Some Scots assert that they have long been marginalized by the U.K.'s economic policies and that Scotland contributes more to the U.K., through oil revenues, than it receives in public spending. Advocates assert that independence would allow Scotland to follow its preferences in fiscal and social policy, preferences that they argue are more social democratic than the prevailing ideology in England.

Supporters maintain that with a per capita GDP similar to the U.K. average, and above the U.K. average with energy revenue included, an independent Scotland would be a wealthy country with a dynamic economy. They argue that Scotland possesses some of Europe's largest oil reserves and renewable energy potential, and that the country holds a strategic geographic position for transportation and fisheries.

[According to First Minister Salmond](#), independence would take effect in March 2016 following negotiations on the terms of separation. Salmond also asserts that an independent Scotland would enter the European Union (EU) around the same time it gains formal independence. An independent Scotland would convene a constitutional convention to develop a written constitution.

Salmond's preferred monetary plan is to continue using the pound sterling in a currency union with the U.K., with monetary policy remaining under the Bank of England. His "Plan B" is to unilaterally keep the pound. Supporters of the "Yes" campaign have suggested that an independent Scotland may not accept its share of the U.K. national debt if London refuses to agree to a currency union.

Negotiating the immediate removal of the U.K.'s nuclear weapons from Scottish territory is a top SNP priority. Salmond prefers that an independent Scotland remain a member of NATO, although he would plan to include safeguards on the use of Scottish troops in the new national constitution.

## The Case Against Independence

All three major U.K. political parties have campaigned against Scottish independence (as the "[Better Together](#)" campaign). Advocates argue that the SNP's economic vision is unrealistic and based largely on assumptions about ownership of North Sea energy supplies. Union supporters assert that Scotland currently benefits from a proportionally higher level of public spending, and that an independent Scotland would face large cuts to public spending and higher borrowing costs.

U.K. officials have ruled out agreement on a currency union with an independent Scotland, maintaining that the Eurozone crisis showed fiscal rules are not enough to ensure stability in a currency union of sovereign states with differing priorities. Critics point out that Salmond's "Plan B" means Scotland would have no control over monetary policy, no central bank, and no lender of last resort. This prospect has led banking, financial services, and other business leaders to warn of a corporate exodus from an independent Scotland, putting thousands of jobs at risk.

EU officials indicate that legal opinion on a "fast track" for Scotland's membership is mixed, and that the procedure, including unanimous approval by all 28 member states, could be "[difficult, if not impossible](#)." NATO officials indicate that an independent Scotland would be treated as a new applicant, likewise requiring the approval of all 28 member states to join the alliance. Some observers have questioned whether the SNP's strong stance against the U.K.'s Trident deterrent and general anti-nuclear stance would put an independent Scotland at odds with NATO's strategic concept.

U.K. officials characterize the SNP's defense plans as unrealistic, arguing that an independent Scotland would struggle to generate and pay for armed forces and military capabilities. Critics also express doubts about Scotland's ability to create new security and intelligence agencies and warn that an independent Scotland would leave the whole of Britain [more vulnerable](#) to security threats.

### U.S. Views

U.S. policy has been to remain neutral in the Scottish independence debate. In June, however, President Obama [stated](#) "... we obviously have a deep interest in making sure that one of the closest allies we will ever have remains a strong, robust, united, and effective partner," while stressing that it is "up to the people of Scotland."

Of particular concern to U.S. defense planners is that the U.K.'s Trident nuclear deterrent is deployed on submarines based in Scotland. A push by an independent Scotland to eject the submarines could force the U.K. to [decide](#) whether to scrap its nuclear deterrent or retain it by making additional defense cuts elsewhere.

More widely, analysts note that the referendum has implications for other independence movements, especially the Catalan nationalist movement in Spain that has been pushing for a similar vote.