INQUIRY INTO SCOTLAND’S ECONOMIC FUTURE POST 2014

I will be appearing before your Committee on Wednesday 19 February as part of your inquiry in Scotland’s economic future post 2014.

2. The question that will be put to Scottish voters in September is of monumental importance. The UK is a family of nations that has grown together through good times and bad. That is particularly true in recent years but thanks to the hard work of businesses, the length and breadths of the UK, we are starting to see signs of a recovery. Scotland is playing a key role in helping the UK economy to turn the corner.

3. Today the UK Government publishes the eleventh paper in its Scotland analysis series, *Scotland analysis: Assessment of a sterling currency union*. 
4. The UK is one of the most successful monetary, fiscal and political unions in history. It is a union that has brought economic benefits to all parts of the UK. Scotland has performed well because it is part of the UK. Indeed, over the last 50 years, growth in economic output per person has been slightly stronger in Scotland than in the UK.

5. An independent Scotland would be a relatively small economy among developed nations with reliance on a number of volatile industries. As a result of a vote for independence, Scotland would no longer be a member of the UK’s larger domestic market, benefit from the economies of scale from sharing institutional and regulatory frameworks across the UK.

6. And as many commentators have set out, and the Governor of the Bank of England recently explained in his speech in Edinburgh, currency unions mean a ceding of sovereignty so an independent Scotland would lose many of the policy options and levers to manage their economy.

7. What currency an independent Scotland would use is key to the whole debate. The currency isn’t only about the notes and coins in your pocket. It affects the value of your savings, your pensions and
your mortgage, your ability to spend and save, business and trade, your taxes and public services, and the stability of the whole economy.

8. Detailed objective analysis from experts at the Treasury shows that a currency union would cost jobs, cost money and would not provide economic security. A currency union would not be in the interests of either an independent Scotland or the rest of the UK.

9. I believe this is an important piece of analysis and contributes to the ongoing debate on Scottish independence. I commend it to your Committee and attach a copy as part of my evidence to your inquiry.

10. The Scotland analysis programme is part of the UK Government’s commitment to a fair and open referendum. The papers provide robust economic and policy analysis, underpinned by the legal opinion we published in February of last year and reasserted in the paper we publish today. The programme’s analysis has been challenged through engagement with a wide variety of third parties including academics, lawyers, think tanks, the business community and other experts, particularly in Scotland.

11. I am looking forward to the opportunity of informing your Committee’s deliberations and discussing this vital topic. I am copying this letter to the Chancellor of the Exchequer and Secretary of State for Scotland.