



A Just Scotland 3

Introduction

With the historic referendum vote fast approaching the STUC is publishing a final report on the key issues it has raised over the past two years. At our Congress in April 2014 it was agreed that no definitive 'yes' or 'no' position would be recommended to our 52 affiliated organisation or their 640,000 members.

The STUC has investigated the potential of constitutional change through the prism of social justice. This is not because we believe it to be the only issue which will determine the outcome of the vote on September 18, but because it is a broad vision of social justice which brings together our members rather than the question of national or cultural identity.

When we talk about 'A Just Scotland,' we envision a future in which economic and social power is more evenly distributed. This requires the power of finance and corporations to be significantly curtailed, a redistribution of income and the greater democratic participation of all citizens at every level of government, and crucially in the workplace. The empowerment of women and the fight against discrimination on the basis of gender, age, race, disability and sexual orientation is central in this regard.

Underpinning this report is the understanding that no particular constitutional choice guarantees the degree of political, social and economic change which is required if a serious redistribution of wealth and income is to be achieved. It is a very positive outcome of the referendum campaign that, through the efforts of trade unions and many other like-minded organisations, social justice considerations have come to the fore. Yet neither of the two mainstream referendum campaign groups, nor the respective governments, has been willing to consistently challenge the orthodoxies which have led to the prevailing conditions.

It is also clear that all constitutional futures will develop within a fundamentally unequal global economy, the growth of which is limited by climate considerations, in which change must be pursued, through international institutions, and at every level of government: national, regional and local. It is legitimate to argue over which level of government is the best focus for political change, but it is wrong to suggest that change is not necessary, or uniquely impossible, in any arena where power currently resides.

This final report does not seek to answer every question which has been raised in the debate. There are a number of key issues on which people are being asked to make judgments about what *may* happen, rather than being able to know what *will* happen. These judgements are, to some degree, personal, based upon individual circumstances, individual hopes and individual political and cultural outlooks. They are also the inevitable consequence of the uncertainty that surrounds economic and political conditions.

While there is much that we know, there is much that we do not. We can predict the likely outcome of negotiations between Scotland and the rUK; the EU; NATO, for example, if there is a Yes vote. But we don't know for certain. We can predict the outcome of the UK General Election and of a Referendum on EU membership and their impact in Scotland if we remain part of the UK. But we don't know for certain.

Recognising that, in this final Report, we build upon some of the specific questions and judgments which were included in our first and second reports. Have the questions been answered? If so, what conclusions can we draw? We also focus on a number of areas in which there have been developments since February 2014 when we published AJS2. Have new information or recent events altered the judgments we have made?

Ultimately this report concludes that many of the claims and counter-claims on the impact of independence are over-blown. To borrow and amend a common phrase, 'there is no problem so large that it cannot be exaggerated'. Scotland is part of an interdependent global economy and is a nation within a nation that has a highly intertwined economy. Scotland also has average per capita productivity and employment levels and intensely close political, cultural and family ties. In this context, narratives predicting either immense prosperity or extreme penury should be discounted.

Irrespective of the outcome of the referendum, most of our challenges lie before us. The STUC's A Just Scotland Conference on 15th October and the A Just Scotland March and Rally on 18th October is a statement of intent. No matter the constitutional settlement that is reached, we must focus on economic rebalancing. A new approach to tackling income inequality is needed and we must be prepared to pursue radical solutions and innovative policies to achieve a rebalanced economy.

Meeting these challenges represents a major task for trade unions and those organisations and emerging communities of interest who share our values. Even after 15 years, civil society organisations such as we are still catching up with the opportunities and resource implications of the 1997 devolution settlement, which conferred powers on the Scottish Parliament that touch nearly every aspect of our members' lives. Further powers seem likely

irrespective of the outcome on September 18, but there is no scenario under which the challenges we face will not increase.

There are six sections to this report. These sections deal with the issue of the currency; economic development; the empowerment and security of those who produce the wealth; the fiscal powers that can be used to redistribute income; the public services that deliver equality of outcome and sustainable economic growth and; the democratic, human rights and equalities landscape which underpins our laws and culture.

Some aspects within these six areas are investigated in more detail than others – where controversy and disagreement are strongest, more analysis is provided. Equally, for the sake of brevity, *many of the arguments considered in our first two reports will be referenced rather than repeated*. Thus major areas of policy such as economic development and education are dealt with relatively briefly in this report, whereas issues such as currency and other public services, such as the NHS, are considered in more detail.

1. Currency

As argued in AJS2

“...decisions on the macroeconomic framework will largely determine the extent of economic sovereignty available to the independent nation. Choices will also exert a profound influence over the stability and prosperity of the nation at a potentially difficult economic juncture.

“Politicians and media have made little effort to present the issues and arguments in a way that engages the people of Scotland. Indeed, it often seems as if it suits both sides for the macroeconomic debate to remain as opaque as possible”.

Unfortunately, this state of affairs has actually deteriorated since AJS2 was published.

Therefore, many trade union members understandably continue to regard the debate about macroeconomic powers as arcane, overly complex and irrelevant to the challenges they face on a day to day basis.

However it is an essential debate. The STUC does not concur with those who have sought – particularly since the televised Salmond/Darling debates - to present the macroeconomic framework as being anything other than of pivotal importance. The choice of currency will exert significant influence over the independent nation’s ability to pursue the social justice priorities which underpin A Just Scotland. It is society’s most vulnerable who will suffer most should transition to new monetary and fiscal arrangements be badly handled which is why, in the event of a Yes vote, politicians should work together in the best interests of Scotland and the rest of the UK rather than continue disputes which formed part of the debate.

Informal Currency Union or ‘Sterlingisation’

AJS2 acknowledged that four broad currency options are available to an independent Scotland:

- ‘Sterlingisation’ – a unilateral decision to continue using sterling without a formal agreement with rUK
- Joining the Euro
- Introducing a new Scottish currency
- a formal currency union with rUK

AJS2 discounted the possibility of sterlingisation and the euro on the basis that neither option found *'favour with any influential constituency in Scotland'* (the Fiscal Commission had paid scant regard to sterlingisation) and focused instead on examining the pros and cons of a new currency and formal currency union.

Perhaps the most significant development since publication of AJS2 is that the sterlingisation option is now being taken seriously; numerous statements have been made including by Scottish Government Ministers to the effect that 'Westminster cannot stop Scotland from using the pound'. Given that these statements are made without caveat, the impression is left that sterlingisation is now a serious fall-back position if formal currency union can't be agreed. Therefore it is now necessary to supplement AJS2's analysis with a short consideration of the impact of informal currency union.

The STUC acknowledges that sterlingisation is an option - of course Scotland can continue to 'use the pound' in this way - but we are increasingly concerned that voters are being misled (by, for instance, the Adam Smith Institute) as to the consequences of pursuing this currency arrangement. 'Keeping the pound' under a sterlingisation scenario does not mean that monetary affairs will remain much as they are pre-independence. Sterlingisation equates to profound and potentially destabilising economic change.

The limitations of informal currency union are now well rehearsed. In dismissing the option in AJS2 we commented simply that *'sterlingisation – or a unilateral decision to use a currency without access to or influence over the institutions of monetary control – is not a viable option for a nation at Scotland's stage of economic development particularly one with such a highly developed financial sector'*.

Given that the independent state would have no control over monetary policy it would be necessary to run significant budget surpluses for an extended period of time (it is impossible to be exact here) in order to build credibility with the markets and provide the means (fiscal buffers to support Government spending and financial sector support) to deal with any future economic shock. Borrowing costs already likely to be higher for the reasons set out in AJS2 will rise further given that the Scottish Government would be borrowing in a currency it doesn't control. Informal currency union is highly unlikely to be compatible with the Scottish Government's stated intention of avoiding austerity by borrowing more. It is very difficult to reconcile this currency option with A Just Scotland's social justice priorities.

Sterlingisation would also have a seriously detrimental impact on Scotland's financial sector. The STUC is a long standing proponent of structural and regulatory reform of the sector but, contrary to some recent interventions, this is really not best achieved through the shock therapy of sterlingisation. In this context the STUC notes again our disappointment at financial reform barely registering as an issue in the independence debate.

Sterlingisation would limit transition costs and maintain low transaction costs with rUK but it would also render the laudable economic and social objectives set out in 'Scotland's Future' impossible to achieve, certainly in the short to medium term. *If the proposition is that sterlingisation can be a transitional mechanism then clarity is urgently required on both the management of this process and the destination macroeconomic framework.*

Yes

AJS2 argued that the Scottish Government, by endorsing its Fiscal Commission's proposal for a formal currency union with rUK, has brought forward a proposal that is detailed and coherent and would represent the most stable option for Scotland in the immediate aftermath of independence.

However, we also concluded that the Scottish Government had significantly overestimated the benefits to the rUK of a formal currency union and therefore underestimated the strength of rUK's bargaining position. We also raised concerns over the impact of remaining part of a UK wide monetary regime as the economies diverge post-independence and acknowledged that if it were to prove at all durable, any formal agreement would necessarily include tight constraints on fiscal policy. The degree of economic independence would therefore be tightly constrained under a formal currency union scenario.

The independent Scotland would exert very little if any influence over monetary policy and discretion over fiscal policy would be limited; certainly in terms of its overall budget and most probably with regard to specific policy measures (rUK is unlikely to agree to beggar thy neighbour tax policies under formal currency union).

Nothing has been said or written by the Scottish Government – or any other contributor to the debate - since AJS2 was published to address any of the specific concerns it raised particularly around the benefits of a formal currency union to rUK. Scottish Government representatives continually stress that the rUK will benefit from the maintenance of low transaction costs and through Scottish exports helping support the value of sterling.

The first of these arguments is of course true but has to be set beside the loss of economic sovereignty and potentially much higher costs of the new macroeconomic risks (these include a necessarily more complex and difficult process of crises resolution, exposure to Scottish sovereign and financial sector moral hazard and the potential costs of a future collapse of the formal currency union) formal currency union creates for rUK. Strangely the second point, which didn't feature in the Fiscal Commission's analysis, has never been fleshed out in print.

Therefore the STUC remains of the view that the Scottish Government's case for a formal currency union with rUK post-independence is weak. It is also disappointing that the Scottish Government has been so reticent in discussing the implications of other currency options.

The STUC is concerned about Scottish Government's statements that it will refuse to accept a share of the stock of UK debt if currency union isn't negotiated. As argued in AJS2,

"If Scotland is to accept its share of UK debt then it must also receive a fair share of assets. The STUC expects a sensible formula to be agreed on bricks and mortar assets of which the Bank of England represents only a tiny part. More relevantly...Scotland must also receive a fair portion of Bank of England assets such as gold and foreign exchange reserves.

“However, Scotland cannot automatically expect to continue to rely on the Bank of England to deliver liquidity support to Scottish based financial institutions or act as lender of last resort to the same institutions or the independent state itself in the event of further crises. These are functions of the Central Bank, ultimately backstopped by rUK taxpayers, not ‘assets’ to be shared. In this respect it is unhelpful for currency to be conflated with functions of the central bank and to be described as an asset which can be divided”.

It is impossible to gauge accurately what additional premium lenders might seek to extract from an independent Scottish Government for failing to accept a fair share of UK debt. (Nor the extent to which such a refusal might impact other key transitional negotiations). While the STUC acknowledges that a refusal to accept a share of debt will not represent a technical default or close the door to the capital market it is another factor which is likely to increase the cost of new Scottish debt. In terms of its macroeconomic approach, the new Scottish Government’s guiding principle should be caution in order that a period of change and uncertainty can be successfully navigated. Refusing to accept a share of accumulated UK debt is a very incautious approach.

Scotland has benefitted from the public spending and investment funded by this debt. It is only reasonable that the independent nation takes its share. The potential impact on UK gilt yields is also overstated. Throughout the crisis and beyond, markets have been intensely relaxed about the scale of UK debt. Any additional credit risk premia arising from the addition of another 10% or so to the stock of rUK debt, are likely to be limited. The threat of this rise in debt is therefore unlikely to be a significant factor in the rUK’s approach to currency union negotiations.

Of course, the effect of Scottish independence on sterling is likely to be more pronounced but, as argued in AJS2, it isn’t obvious that a depreciation of the scale currently being predicted by market observers will be of longer term detriment to the rUK economy.

It is also worth noting that those sections of the Yes campaign advocating a new Scottish currency have failed to outline a credible and coherent plan or address the short to medium term consequences for trade and spending.

No

AJS2 argued that the UK Government should deliver a more persuasive analysis of its objections to a formal currency union and that this should be explicit on the associated risks and costs as well as any potential benefits.

While HMT has published a lot of pages it has singularly failed to present the additional macroeconomic risks formal currency union creates for rUK in a way that is digestible for the general reader. This failure together with the UK Government’s aggressively confrontational stance leaves the impression that the approach is purely political and that the arguments against currency union must therefore be weak. The UK Government and Better Together have no one but themselves to blame for this widely held perception.

Post the great financial crisis the UK Government would be better engaged in continuing to improve the current monetary policy framework which has:

- often exacerbated economic divergence between London and the south-east of England and the nations and regions of the rest of the UK;
- failed to deal effectively with destabilising asset price inflation; and,
- contributed to growing wealth inequality.

On this final bullet point, it is worth emphasising that the distributional consequences of monetary policy are often neglected.

A narrow and inflexible inflation targeting regime is, in the longer-term, most probably incompatible with a stronger and more broadly based Scottish economy. The efficacy of post crises measures to structurally reform the financial sector and improve regulation have also yet to be tested.

Therefore, while serious questions remain over the post-independence macroeconomic framework it should be recognised that the current UK framework isn't conducive to achievement of A Just Scotland aspirations.

2. Economic development

A remarkable feature of the referendum debate has been the lack of interest in economic development issues. With macroeconomic and fiscal sustainability issues to the fore, discussion of the ways in which additional powers might be wielded to create more and better employment opportunities has been scarce. The Scottish Government should be credited for publishing extensive papers on economic policy choices and reindustrialisation. Unfortunately, these have failed to provoke a vigorous public debate.

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Workshop:
Economic Rebalancing
Graeme Roy,
Scottish Government

In AJS 1 and 2, the STUC has highlighted a number of areas of priority and concern. These include:

- Specific sectoral impacts of independence on finance, energy and defence manufacturing;
- The inadequacy of policy commitments related to laudable pledges from both Scottish and UK Governments to grow manufacturing output and employment;
- The lack of focus on in-Scotland regional disparities despite the persistent emphasis of UK regional economic performance; and,

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Regional Economic Development
Professor Mike Danson

- The almost complete absence of policy proposals from either side on key economic issues such as structural and regulatory reform of the financial sector, corporate governance and industrial ownership.

Little has transpired since the publication of AJS2 that directly addresses any of the above concerns and post referendum negotiations could have substantial implications for industrial sectors; the consequences for the financial sector of the final determination on currency being the clearest example. The ability of an independent Scotland to implement serious reform of finance may also be constrained by the terms of the negotiated settlement. It is disappointing that neither side has offered a compelling vision for developing the economy in a way that will meet the needs of all Scotland's citizens. Given its focus on monetary, fiscal and transition arrangements and processes, the bulk of the excellent new academic work related to the referendum has not added substantially to our understanding of the functioning of the Scottish economy or generated new and serious ideas for its development.

The STUC's *Decent Work, Dignified Lives* conference on 15th October will attempt to start remedying these policy gaps. Professor Karel Williams from the Centre for Research into Socio-Cultural Change at Manchester University will present on the opportunities of developing the *foundational economy* approach – how to extract maximum economic benefit from the production and consumption of the goods and services on which everyone relies - in Scotland, and workshops will consider reindustrialisation and regional economic development.

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 Plenary Session:
The Foundational Economy
 Prof Karel Williams
 CRESC

Defence Diversification

On the issue of defence and in specific relation to the debate over Trident, the STUC will, in conjunction with Scottish CND, publish a report in October which makes a clear case for the creation of a Scottish Defence Diversification Agency. The report argues, evidenced by examples from the United States, that with early planning, adequate resources, workforce involvement and political will, jobs can be created, skills can be developed, and local communities can prosper after the closure of large military installations.

The report, which will include a detailed breakdown of the skills involved in Trident-related work, will show that many of these skills could be transferred to other non-Trident submarine, surface warship work or alternative economic activities. However, this can only be the case with a Scottish Defence Diversification Agency which is adequately staffed and resourced to engage with trade union representatives to develop and implement realistic plans that have the confidence of the workforce.

AJS1 clearly recognises that Trident removal is more easily delivered with a YES vote. However these proposals are ones which can and should be adopted irrespective of the outcome of the referendum by all those who will be pressing for Trident removal and/or against renewal whether as part of the UK or in an independent Scotland.

3. Empowerment and security of those who produce the wealth

In the majority of western economies, the defining factor in delivering better wage equality and in delivering sustainable, decent employment is collective bargaining in the workplace and across industrial sectors. Any government which legislates for fairer employment or seeks to use fiscal transfers to equalise income will be acting with one hand tied behind its back if this takes place without an effective collective bargaining framework involving a strong trade union movement.

In the third section of this report we consider taxation and social security as the key areas of fiscal policy which can be used to promote economic stability and redistribution of income. However, irrespective of where powers are vested, these levers cannot of themselves satisfactorily tackle income inequality. International comparisons do indeed show that many of the more equal countries have more redistributive systems of tax and spend. However, they also have in common fairer wage distribution, better employment practice and, in many cases, a better corporate culture. Indeed as highlighted in 'The Spirit Level'¹, Japan, with a relatively low level of welfare redistribution, achieves far better social outcomes than the UK and US, partly because its pay distribution is fairer. Work undertaken by Eiser and Comerford at Stirling University and cited in AJS2 amply indicates that the quality of fiscal transfers practically conceivable, either under independence or devolution/enhanced devolution, would have a fairly limited effect on relative poverty. Pay matters, and Scotland (and the whole of Britain) needs a pay rise.

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Plenary Session:
Inequality and the Labour Market
David (Danny) Blanchflower

In the majority of western economies, the defining factor in delivering better wage equality and in delivering sustainable, decent employment is collective bargaining between unions and employers, in the workplace and in industrial sectors. Any government which legislates for fairer employment or seeks to use fiscal transfers to equalise income will be acting with one hand tied behind its back if this takes place without an effective collective bargaining framework.

So what do the respective campaigns, governments and political parties have to say about the key issues of pay; better quality jobs; employment regulation and challenging corporate employment culture? And given that, in each of these areas, trade unions are central, what can unions and their members expect from the different visions of Scotland's future being proposed by advocates of Yes and No?

¹ <http://www.equalitytrust.org.uk/resources/spirit-level-why-equality-better-everyone>

Employment Regulation

The parties of government in the UK for the past 35 years have embraced a twin track of the privatisation of industry, the deregulation of the employment market and the regulation of trade union activity. This, along with the destruction of traditional industries, has been the primary driver for the fall in trade union membership.

To suggest that both Conservative and Labour as the parties of government have approached this with equal enthusiasm and vigour would of course be wrong and is evidence of some of the lazy thinking which has infected the referendum debate. Labour opposed many privatisations whilst in opposition and the current Labour Leader is pledged to at least partial public ownership of the railways and is against the privatisation of the NHS. Labour's introduction of the Minimum Wage and statutory union recognition (although too limited in scope) stand out as a major achievements.

However, in its three terms of government it did little to arrest the deregulatory approach and a number of the improvements in employment law which were achieved – such as protections for part-time and temporary workers; improvements in maternity leave; limits on working time; equality legislation; and Gangmasters legislation - were hard won by trade unions and, in many cases, more a consequence of agreements reached in Europe than at Westminster. At the time Labour left office, trade unions remained more regulated than in almost all western democracies.

Trade Union Freedom

Despite some positive legislation being passed at a European level, for example the Information and Consultation directive, and as a consequence of the limited scope of statutory union recognition, there is little or no genuine industrial democracy within companies operating in the UK.

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Working Together Review and
Collective Bargaining
Mary Alexander and Professor
Keith Ewing

On top of this, current Coalition has launched a four year campaign of invective against trade unions threatening a range of further restrictions and has fundamentally undermined key health and safety legislation.

Labour has committed both to a Living Wage and increases in the Minimum Wage to Living Wage levels. It has also reacted positively to the growing consensus for tackling insecure employment, particularly the zero-hours culture, which is firmly on its agenda if elected in 2015. Even the Coalition has been moved by the cataclysmic drop in living standards to pledge real terms increases to the Minimum Wage.

However, there is a defining silence on the issue of extending union recognition and collective bargaining from all of the Westminster parties.

The Situation in Scotland- The Working Together Review

The Scottish Government, both by action and stated intent, has ploughed a course distinct from that at Westminster. In government it has pursued a partnership approach with trade unions similar to that adopted by previous Labour led Holyrood administrations. It has also, to a limited extent, taken a different approach on public sector pay, for example, by implementing the recommendations in full of the NHS Pay Review Bodies when the UK Government chose to do otherwise. The Scottish Government White Paper proposes a Fair Work Commission and the creation of a National Convention on Employment and Labour Relations to “(bring) together labour market regulation and other employment-related policies in a forum which encourages direct and constructive dialogue across key stakeholders ...”

The STUC recently persuaded the Scottish Government to establish the independent Working Together Review, the Report of which was published in August 2014. The recommendations of the Review Group mark a refreshing approach to industrial relations, the role of trade unions, collective bargaining, industrial democracy and the introduction of progressive workplace policies. These recommendations were made in the context of the current constitutional settlement, and have been widely acknowledged as offering a path divergent from the dominant and well-established policy model that those in Westminster would generally wish to follow.

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Living Wage
Scottish Living Wage Campaign

The Scottish Government will respond formally to the Review Group’s Report and recommendations later in the year. However, its initial response was positive and viewed as consistent with its declared approach to industrial relations in an independent Scotland. Whatever the referendum outcome, there exists significant opportunities in Scotland to enhance the role of unions in influencing decisions in the workplace; in industry, in civic society and over national policy.

The ‘Better Together’ parties would do well to study the Working Together Report. Whilst there are aspects of Labour’s enhanced devolution proposals, such as those in relation to health and safety and employment tribunals, which recognise an extended role for the Scottish Government in improving work and the industrial relations landscape, there are a range of other opportunities available, from promoting employee ownership through to promoting sectoral wage bargaining, which they have thus far ignored.

That said, there are no White Paper proposals for specific changes to trade union and employment law which offer a markedly different approach in an independent Scotland and the Scottish Government’s commitment to raising the Minimum Wage by at least inflation is meek to say the least and cannot be presented as anything approaching a strategy to combat wage inequality. However, it is no worse than is being offered on a UK basis by the current coalition Government and potentially significantly better than what could be on

offer should the Conservatives win the 2015 UK election and be in a position to enact its declared intention to further restrict union activity.

After Independence?

If intent rather than detail is the criteria used, many trade unionists will conclude that there is little to lose and something to gain from Scotland being in a position of having the legislative powers to plough a different course.

However, the root and branch reform of corporate culture, the radical reform of employment regulation and the liberation of trade unions from the shackles of anti-democratic legislation, all of which would be required to effect a meaningful rebalancing of industrial power and pay inequality, have been largely absent from public debate and the proposals of the mainstream pro-independence groupings. The Scottish Government is at pains to suggest a softer regulatory regime for business and the some of the Yes business supporters offer a very different prospectus for an independent Scotland than pro Yes trade unionists.

The findings of the Working Together Review illustrate that there is evidence to confirm that many unions, employers and workers are already reaping the benefits of constructive, co-operative industrial relations arrangements. However, there remains a significant part of the business lobby and tabloid press which have for a number of decades been able to attack trade union organisation with impunity and influence public opinion accordingly. After independence, a legislative approach to increase employment safeguards and to free trade unions to undertake their proper democratic and economic function would no doubt meet with opposition. Indeed, the vision of some of the pro-independence lobby is of a Scotland where corporate power and influence could increase. Indigenous ownership of the Scottish economy is very limited and corporations acting across these islands would no doubt strongly oppose distinct employment regulation, particularly if the direction were to more greatly empower workers.

Notwithstanding the important role of government in setting a positive environment in which unions can operate or the stated commitment of the current Scottish Government to a more progressive industrial relations approach than currently prevails in the UK, independence offers no more than a new context in which hard, but fundamental arguments, will continually need to be won.

4. The public finances, tax and social security

Scotland Relative Fiscal Position

The cynical approach of both sides to Scotland's relative fiscal position has been one of the more depressing aspects of the referendum debate. In AJS1 and AJS2, the STUC exposed how figures have been manipulated and spun by both sides of the debate to suit their own ends. The Better Together campaign spent months arguing a figure for a post-independence fiscal deficit which ignored the existence of North Sea Oil and Gas receipts before discovering an alternative fiscal picture which fitted its negative predictions. The

'YES' campaign spent a similar period of time basing its predictions on a single set of revenue figures (2011-2012) before the 2011-2013 figures proved to be unhelpful, after which a five year average approach was hastily adopted.

The respective weaknesses in the positions of both campaigns have already been highlighted by the STUC. In the case of 'Yes', demography, the possibility of diminishing oil receipts and potentially higher borrowing costs paint a sobering picture of Scotland's future finances which the Scottish Government has only partially failed to gloss over by arguing a more optimistic future for Scottish oil and gas receipts and the impact of assumed increases in economic growth. The outcome of the currency controversy, explored in section 1 of this report has fundamental implications for Scotland's short and medium term fiscal position.

For 'Better Together' the challenge is that, if its portrayal of Scotland's fiscal position is indeed accurate, we can expect increased future pressure to diminish Scotland's share of UK public spending through the block grant. The reassurance that Scotland's block grant will not proportionately reduce in future years cannot be delivered with any guarantee beyond the short-term, particularly given the stated views of some Westminster politicians.

If the debate over Scotland's relative fiscal position can be judged a dishonourable draw it is nevertheless important to understand why it is of particular importance to both sides.

The 'Better Together' campaign, comprised as it is of two parties which are the authors of austerity and another which has been negligent in opposing it, can offer very little to attract those who oppose the reduction in public spending and welfare cuts which have been a feature of the past four years. Whilst there may be much to celebrate in terms of the UK's historical creation of the welfare state and public services free at the point of provision, defending the status quo is very difficult. Thus 'Better Together' is forced to rebut criticism of Westminster public spending policies by arguing that, irrespective of intention, an independent Scotland would be forced to cut harder and faster than in the rUK due to, what it considers to be, a hole in the public finances.

Setting aside the issue of currency and its potential impact on public spending in Scotland which is considered elsewhere in this report, the Scottish Government has some case for arguing that fiscal projections – even using medium oil and gas revenue estimates – would not place it in the 'slash and burn' scenario evoked by 'Better Together'. This is particularly the case if one believes its warnings about future cuts in the block grant, and reductions in spending on defence are factored in. However, the Yes side has significantly more difficulty in explaining how it would, in any significant way, expand public spending without raising taxes. It has made specific commitments around pensions and some other aspects of benefits and this is coupled with a more general inference that 'things would be much better in an independent Scotland' without specifics being presented.

As both sides have relied upon their own exaggerated predictions on fiscal balance, rather than the use of additional revenue raising to justify their respective positions, the question of how tax might be used for the purposes of redistribution and/or social security policy might be pursued to enhance cohesion and employment has been largely absent from the debate. This is nothing other than a repeat of existing orthodoxies and a tacit admission that

neither side believes, or is willing to argue, that there must be an alternative approach to taxation if redistribution is to be achieved.

Austerity and the independence debate

A significant factor in the independence debate, particularly within the Left has centred on alternative approaches to austerity. Since 2008, the STUC's position has been clear. The Labour Government's initial response to the crisis – a degree of fiscal stimulus – was correct but insufficient and not in all cases focussed on the best way to stimulate demand in the economy. The Scottish Government was on a similar page and, following the 2010 election it can be stated in general terms, that both Labour and SNP were in agreement that the pace, scale and composition of the Coalition's austerity programme was both economically and socially damaging. Labour's suggestion in recent years that it will neither reverse nor cease austerity driven cuts has been the subject of criticism from many, including the trade union movement.

However, there is, amongst some, a basic misconception. Despite suggestions to the contrary, over the next period, the Scottish Government has limited, if any, room for manoeuvre in arresting austerity. In the immediate aftermath of the referendum (between 2014 and 2016) the current block grant arrangement will continue. In the immediate years thereafter, few firm commitments have been made with respect to increasing public spending, particularly spending on welfare or public services. This is not, of course, to argue that the Scottish Government agrees with austerity. But it does indicate that, the two alternative options – increasing borrowing or increasing taxes – are both unlikely to be happen during Osborne's austerity period. In the case of the former, and as was argued earlier, no currency position, including a shared currency, would facilitate an affordable increase in Scottish Government borrowing. In the latter, the Scottish Government has explicitly ruled out tax rises. It can of course be argued that the fiscal benefits of new approaches to growth, welfare, tax and other policy options might offer alternatives in the longer-term. But, in the STUC's estimation, without a change in policy at UK or rUK level, it is highly unlikely that the next four years will see an expansion in Scottish (DEL) public spending – a fact which seems to have eluded or been tacitly accepted by many left-leaning proponents of independence.

For the sake of clarity, it should be stated that, at a UK level, the STUC identifies very clear options relating to levels of public sector debt, driving up wages and fiscal policies which could be used to stimulate economic demand. However, it seems that in the short term such policy tools would not be available to an independent Scottish Government limited by any unwillingness to raise tax beyond rUK levels and constrained by borrowing costs which would prevail whatever the final currency solution. It is an inescapable fact, therefore, that under any constitutional arrangement fighting austerity and opposing UK spending cuts will continue to be a priority for all trade unionists – *including those of us in Scotland*.

Taxation

The STUC recognises that in a highly integrated economy the potential for cross border variation of a number of taxes is limited – this is the case for independence as it is with enhanced devolution. Equally, as David Eiser and David Comerford from Stirling University have demonstrated², modest tax changes deliver similarly modest improvements in relative inequality. However, it is wrong for those in the Yes campaign to suggest that an independent Scotland can aspire to anything approaching a Scandinavian model without an increase in taxation. It must be stressed that the Scandinavian model is distinguished more by the quantity of tax collected than the degree of progressivity. Low and middle earners pay more tax in Scandinavia, the model demands it.

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Inequality
Prof David Bell and David Eiser,
Stirling University

The STUC has been strongly critical of the Scottish Government's proposals on Corporation Tax and will not repeat the specific arguments on that here. It has also been critical of the consensus amongst the Westminster parties over the alleged growth advantages to arise from reductions in corporate taxation. What is potentially of greater concern is the extent to which, almost irrespective of the views of Scottish political parties and the electorate, the temptation might arise to attempt to expand the tax base by lowering taxes. Predictions of the creation of a Scottish tax haven are alarmist in the extreme. However, the potential to lower taxes to attract higher earners thus 'grabbing' some of the rUK tax base should not be ignored. In the STUC's view such a strategy would be wrong for the long-term economy and immoral.

Even without a commitment to increased redistributive taxation, it can be argued that independence at least provides the potential for greater tax reform. The STUC was supportive of the Revenue Scotland and Tax Powers Bill which has clear provisions on tax avoidance which go beyond those enacted at Westminster. With all taxes controlled by the Scottish Parliament following independence this would enable the Scottish Government to consider how a wider tax basket provides the potential for a rebalancing between local and national, income, service and land taxation.

Of course the immediate priority post-independence must be to ensure that the tax revenues due to the new state are collected effectively. This is not a flippant point. With new responsible authorities with new collection systems and potentially new/different taxes/rates the potential for problems to arise is significant. The STUC suggests that establishment of an effective collection regime should be the key priority of the Scottish Government post referendum.

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http://www.esrc.ac.uk/_images/Constitutional%20change%20and%20inequality%20in%20Scotland_tcm8-29678.pdf

Social Security

Two clear fault-lines have emerged during the referendum debate in relation to social security and income based 'benefits'. The first is in relation to the range of universal, or near-universal, services currently supported by public expenditure in Scotland such as concessionary travel, free personal and nursing care, prescription charges and eye examinations. This is considered in section four of the report.

The second fault-line, which relates to the operation of the UK social security system, has been between the 'Better Together' assertion that the social security system, encompassing national institutions providing pensions, out of work, disability and childcare benefits is a positive

outcome of the union and the 'Yes Scotland' position that, in the context of cuts and conditionality, the best way to maintain the system, at least in Scotland, is through independence. In particular, the Yes side point to evidence suggesting a Scottish public more 'tolerant' of a fair welfare system, whilst 'Better Together' state, with some justification, that this difference has been the subject of exaggeration.

Since AJS2 was published, the Scottish Government appointed Welfare Commission has produced its second report. Its first report contained entirely sensible proposals for post-independence co-operation and the transition towards an independent Scottish Welfare system. The STUC supports these proposals, but cautions those who have made wildly optimistic claims about instant improvements to read the report with care. The Commission, though hindered by data limitations, also concluded that, assuming other factors remained constant, current welfare transfers could be sustained.

The second report of the Welfare Commission reiterated its view that welfare post-independence, *at current levels*, would be affordable. Indeed, it cited a more positive picture over a five year period up to 2011-2012, with an average cost to GDP ratio for welfare in Scotland of 13.9% compared with 15% for the whole of the UK. (Though it should be noted that the 2012-2013 Scottish revenue and expenditure figures (GERS) paint a less rosy picture).

In responding to the report, the Scottish Government accepted and undertook swift implementation of a number of recommendations. The abolition of the Bedroom Tax, re-linking of benefit payments to the Consumer Price Index and an increase in Personal Care payments are welcome if unambitious.

Other general recommendations were accepted including replacing the current system of sanctions with one that is fairer, more personalised and positive and abolishing the current Work Capability Assessment.

October 15 Conference
Decent work dignified lives
Plenary Session:
Basic income
Frances Coppola

In the context of the overall fiscal restraints and unwillingness to commit to redistributive taxation, the potential to 'humanise' the system is probably more eye-catching for social justice campaigners than the extent to which significant income redistribution is currently being contemplated.

Really significant increases in benefit levels and potential approaches to basic/citizen incomes are therefore at best medium term considerations. The Welfare Commission called for the creation of a Social Security Allowance bearing similarities to Universal Credit (but without the Housing Benefit component) and called for a wider debate on citizens incomes. It also recommended, correctly, a move towards the Living Wage mirroring many of the recommendations being pursued by Labour at a UK level.

STUC welcomes the debate on issues such as basic/citizens income and other ways of recognising contribution that currently unpaid work makes to the economy. Organisations such as the UK and Scottish Women's Budget Groups continue to provide vital research and policy interventions on the gender, income and economic value.

As indicated earlier, the STUC welcomes the growing understanding of the direct relationship between good work, fair pay and welfare. Over the past decade, the mantra that 'work, any work, is the path out of poverty' has been profoundly damaging. There is a very real discussion to be had about the relationship between legislative wage protection, the extension of collective bargaining and direct state payments. This is an area, which irrespective of the outcome of the referendum, the STUC intends to put centre-stage in the period ahead.

Welfare and work

One of the primary strengths of the case for independence is the potential to bring together public sector policy interventions which are devolved with benefits which are reserved. This includes all service areas dealing with public health and education. Whilst the childcare debate has predominated in recent months (and is dealt with later in this report) there remain a number of frictions in other areas which arise from the current arrangement of devolved powers. One such friction, the operation of the Work Programme, has been recognised as a key area for devolution if there is a 'No' vote. The STUC has long advocated this approach. However, the fact remains that a number of potential interventions, such as creating jobs through schemes such as Labour's Future Jobs Fund or through using devolved NHS or education funding to boost employment, do not deliver the same fiscal benefits to Scotland as they do when adopted across the UK. This is largely because deploying devolved funding (or in particular funding raised in Scotland through additional taxation) does not deliver the full fiscal benefits (some tax but largely social security payment savings) to Scotland, instead sharing them across the UK. This issue is explored in greater depth in relation to the Labour Market implications of increasing childcare. In its submission to Labour's Devolution Commission, the STUC proposed the adoption of mechanisms – fully possible without the complete devolution of welfare – which would deal with these policy frictions. It was a disappointment that these were not more fully explored by the Commission and as such suggests a lack of ambition in Labour's enhanced Devolution proposals.

Pensions

The Scottish Government plans to keep the State Pension largely in its current form - making it slightly more generous for certain people and temporarily delaying the increase in the State Pension age. It has also promised the triple-lock which would ensure increases in pension payments using average earnings increases, Consumer Price Index (CPI) inflation or 2.5%, whichever is greater.

As with the debate over Scotland's fiscal future, the extreme claims of affordability on both sides should be discounted. The demographic challenge is real but, as explored in some depth in AJS2, there are competing trends in relation to Scotland's relatively ageing population and its earlier morbidity rates which render any clear threat or, indeed any significant fiscal advantage difficult to argue. The main long-term pension challenge is affordability. As the population ages every government under any constitutional scenario will be faced with the challenge of the extent to which they are prepared through redistributive taxation to support existing provision and the extent to which, by promoting decent occupational pensions, reduce the requirement of the state to provide retirement security.

Most public sector pensions schemes in Scotland are already managed as Scottish (rather than UK) schemes with separate actuarial valuation. Thus, with the exception of the Civil Service Pension scheme, which would require a negotiated settlement between Westminster and Holyrood, most schemes could operate in a similar way as currently.

The STUC has been more concerned, as was outlined in AJS2, about the current EU solvency requirements for defined benefit pension schemes across national borders in which pension liabilities in separate countries must be rectified immediately rather than through a staged recovery plan. Unless an agreement can be reached, with both the EU and the rUK, for a significant loosening of this restriction or a very long period of grace, companies operating with pension fund liabilities north and south of the border would require to make a number of difficult investment and location decisions in the event of independence which might significantly affect the Scottish and UK economies as well as threatening the quality of benefits available to employees. On both counts this is of significant concern to the STUC and its members. While the Scottish Government has exuded confidence that the necessary agreements will be reached at EU and UK levels, the absence of such an agreement, together with concerns about the denomination in which occupational pensions will be paid, remains for some a substantial disincentive to choose independence.

5. Public Services

In AJS1 and AJS2, the STUC outlined in some detail its position on devolved and non-devolved public services. We also made clear, in our paper on enhanced devolution (without prejudice to our position of not recommending a yes or no vote) that certain areas of welfare policy, including Job Centre Plus services should be devolved to Scotland in the event of a No.

Given the devolved nature of most public services, funding remains a central question. The questions of Scotland's relative fiscal position and future approaches to income redistribution and wages, all covered within this paper, have a direct bearing on the quality and extent of the services that can be provided.

As we have made clear in our previous reports, neither side of the debate has made the kind of commitments which are required if accountable services, free at the point of delivery are to be sustained. If existing spending levels are cut or indeed simply maintained, in the short to medium term, services will continue to diminish, charging (particularly for local government services) will increase and we will fail to achieve the skilled and properly rewarded workforce upon whom our public services rely.

Universal benefits and services

The debate over universalism has degenerated into something of a dog-fight in which 'Better Together' (and in particular) the Labour Party position is characterised as 'anti-universalism' whereas the Yes and Scottish Government positions are criticised for being negatively redistributive, (transferring resources from poor to rich). Needless to say, as with so much of the debate, these approaches obscure many of the real issues at hand. In truth, Labour accepts many aspects of universalism, encompassing the majority of Scottish Government spending in health, school education and many local authority services, whilst the SNP Government chooses between providing some services universally and others not. In its clumsy handling of the debate over universal services Labour has focussed on a narrow set of outcomes and the claim that SNP policy transfers income from rich to poor rather than engaging in the positive arguments for universalism. In so doing, Labour ignores the benefits of intergenerational income transfers (working age to non-working age, adults to children etc) as well as key features of universal provision such as efficiency; social cohesion and wider economic benefits.

Meanwhile the SNP has focussed its attention on a number of interventions, both new and inherited from previous administrations, without recognising that it too only partially accepts universalism, and that without raising more revenue, spending in certain areas has a detrimental impact on other aspects of support that have been cut or in which universalism might have, but has not been, adopted.

The STUC outlined in AJS2 and in its Public Services Charter, a clear vision for how public services should be delivered, be accountable and be funded. However, it is necessary in this report to reiterate our major concerns about the extent to which local government services are being reduced and increasingly subject to charging. Policies such as personalisation

which have much to commend them in principle are at risk of being fatally undermined due to resource constraints.

Irrespective of the debate over exactly how generous Scottish Government settlements for local authorities have, or have not been, the Council Tax Freeze removes a stream of potential increased income which is impacting the capacity of councils to deliver and procure effective services. The freeze is no doubt popular. This is not surprising given that people have been told that the cut is without impact and is progressive. However, as we have argued elsewhere in this paper, there is an often ignored difference between progressive taxation and redistributive taxation. The Council Tax cannot be described in orthodox terms as progressive (though it has progressive elements) but it is without doubt redistributive and freezing it has the simple effect of reducing the services for those in need whilst returning to them nothing or very little in terms of savings to income. The Council Tax needs to be unfrozen in the short term, reformed immediately to make it more progressive and reviewed in the longer term. These are reforms that STUC will continue to pursue irrespective of the outcome of the referendum.

NHS Scotland

Over the past few weeks, what has appeared to be a relatively uncontroversial aspect of the independence debate has become a furious area of disagreement between the respective campaigns. Hitherto, the Scottish Government identified the NHS as a success of devolution in its White Paper focus was on how other new powers might address root causes of health inequality. This situation has now radically changed with the main debate focussing on whether, without independence, the Scottish NHS can be defended against privatisation and/or funding cuts pursuant to block grant reductions.

Firstly, it is suggested that the impact of privatising provision of health services south of the border could enforce similar privatisation in Scotland, as a consequence of the Transatlantic Trade and Investment Partnership (TTIP). One effect of the TTIP could be to prevent areas within nations from protecting service delivery through tendering from international competition.

Secondly, it is suggested any form of privatisation, whether driven from Westminster or Europe would reduce spending on health in England and Wales, with a knock on and detrimental effect for the Scottish Block Grant, thus forcing cuts in health spending.

It should first be stated that the STUC remains cautious about the potential for privatisation at the edges in Scotland, a case we made in AJS2 which also noted that in general terms the Scottish policy approach to private provision is separate, distinct and better.

However, the argument that the privatisation of provision down south inexorably leads to budget cuts in Scotland needs to be approached with particular care. It is easy to confuse (and thus to confuse the general public) the privatisation of service delivery with the privatisation of payment for health services. The drift towards publicly funded services, free at the point of delivery, which are not necessarily delivered by the public sector has been more pronounced in other parts of the United Kingdom, but is by no means absent from

Scotland, particularly in the field of care. Thus no party of government has been immune from its apparent attractions. The STUC supports a role for the community sector in delivery of some services – assuming the providers dispense high quality services, possess a community ethos and offer fair employment conditions for workers – but opposes private sector provision of services in care and health more generally.

The most pertinent point in the NHS debate is that there is no evidence that the introduction of what are essentially market mechanisms in service provision makes it cheaper or more efficient. Indeed, costs are likely to rise. Therefore, whilst UK policy-makers maintain a position in which the state pays but the private sector may provide, the potential impact on NHS spending and, by extension, the Scottish Block Grant is highly questionable.

Of course, UK austerity is a threat to ALL public service budgets and the NHS cannot be exempted from this, but this is a general threat, and the continuing UK-wide public support for the NHS has guaranteed a degree of protection for health spending while other public spending areas, such as local government, have suffered more.

It is therefore easier for the UK to privatise provision than to significantly reduce NHS spending. That said, it is possible that, employing the mistaken assumption that private provision is more efficient and therefore cheaper, an austerity driven government might promote a privatisation agenda to justify a reduction in public funding for the NHS in England. But that battle has still to be fought.

A complete break with ‘free at the point of delivery’ and the use of insurance schemes more akin to that operating in the US and parts of Europe seems highly unlikely for reasons of politics and practicality, at least in the foreseeable future. It can also be clearly argued that under circumstances where UK taxes were reduced to effect a partial switch to private provision, a future Scottish Government would be able to employ its tax powers to maintain rather than reduce tax, maintaining the ‘free at the point of delivery’ position at no overall detriment to its citizens.

The second NHS argument being debated is whether the Transatlantic Trade and Investment Partnership (TTIP) currently being negotiated between the US and the EU represents a privatisation risk for Scotland if independence is not achieved. It has been argued that it would force Scotland (as part of rather than itself being an EU member state) to open up its NHS provision to privatisation.

In AJS2, the STUC identified the potential risk of the TTIP. Along with the controversial investor-state dispute settlement (ISDS) clause, it poses a major threat to public service provision and the democratic right of governments to procure services based on wider social considerations. It has also been argued that it represents a specific threat to the NHS since the UK Government reforms effectively opened it up to competition (crudely put, the TTIP would that mean that once opened to competition, a given public service cannot be exempted from competition). As with much which relates to procurement policy at a European and international level any final agreement is likely to be fraught with difficulty

and subject to varying legal interpretation (the proposals for how such legal disputes will be settled is a major worry).

The UK Government is denying that the NHS requires an exemption (which it could demand as part of the TTIP negotiations) because the TTIP and ISDS do not constitute a threat, and has leaked a letter to substantiate this view. Labour and some trade unions argue that the Westminster Government's confidence is either misplaced or, worse, fabricated. The STUC believes that the TTIP constitutes a general threat and should be opposed. It also believes that caution dictates the need to exempt the NHS during the current round of negotiations. There are therefore three questions.

Is the NHS threatened by TTIP? If so will political pressure or change of government lead to a formal exemption for the NHS? In the case that rUK was forced to open provision would Scotland be legally compelled to follow suit? None of these questions have been fully resolved and whilst it is wrong to overstate the risk to Scotland's NHS, it does not appear possible to discount this specific threat until further questions are answered.

The Childcare Debate

The STUC has been pleased to be able to engage in a range of discussions and government forums to progress our policy for wrap-around, non-marketised childcare, free at the point of delivery, not simply focussed on early years, with a focus on positive educational outcomes and understood in terms of its impact on parents, not just mothers.

Nevertheless, the major focus in the referendum has been on childcare in the early years even though other policy discussions on the expansion in out of school care up to age 16, and particular resources required for children and young people with disabilities, are ongoing.

The STUC is concerned that the public debate has become somewhat lopsided, with an overly heavy concentration on labour market outcomes rather than education and equity along with a degree of wishful thinking in relation to how an ambitious expansion in childcare can be funded. A significant expansion in all childcare will require investment in capital infrastructure as well as the workforce, and the STUC reasserts its view that the core method of provision should be through the public sector.

The STUC is not convinced that the kind of system we require is achievable without accompanying increases in redistributive taxation and supports the view that the 'childcare' policy must be part of a fully integrated early childhood education and care (ECEC) strategy provided by an integrated and properly rewarded workforce. As stated by Naumann and Cohen in evidence to the Scottish Parliament:

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Workshop:
Childcare Policy
Ingela Naumann, Edinburgh
University and Jackie Brock,
Childcare Alliance

“The aspirations expressed by the White Paper, For Scotland’s Future, are very welcome. However in the meantime it needs to be realised that extending free pre-school education to 30 hours a week will still fall short of the hours required by parents in full-time employment, particularly as it is only in term times – leaving 13 weeks a year. If Scotland is to aspire to providing services for young children which match the best in Europe the measures being taken as an interim step need to be accompanied by further measures to develop a fully integrated ECEC system.”

Neither Labour’s assertion that major ECEC reform can take place under current powers, nor the Scottish Government’s that it effectively cannot, are wholly without foundation. It is certainly the case that the Scottish Government has the powers to act and that actions it could take would have a significant and positive effect. Equally, the regulation of parental leave, tax credits and other fiscal powers held at Westminster could, under independence, or an ambitious enhanced devolution package, remove some of the obstacles to the achievement of optimum policy outcomes.

Democracy, Equality, Human Rights

The democratic institutions and the rights framework written into our laws are the bedrock upon which social justice can be built. The inequalities of income across the UK are often manifestations of inequalities of power in which women, BME communities, disabled people, LGBT people and the young are disempowered electorally, in the workplace and in wider civic life.

The STUC can see no reason why, in terms of human rights and equalities, an independent Scotland could not establish a landscape at least as progressive as that in the rUK and, arguably the creation of a Constitution allows for the possibility of delivering more – perhaps in the former of stronger socio-economic rights. The one concern raised in AJS2 in relation to the Conservative Government’s cavalier attitude towards the European Human Charter of Rights continues to be a major issue for those who support the Union but also support enhanced human rights.

All this said, the delivery of equality and human rights still relies on the level of popular support for the provisions and the institutions which make such rights a reality. Four decades after the introduction of the Equal Pay Act, there is still a significant gender pay differential and human rights as they relate to prisoners have been consciously ignored by governments north and south of the border. Under any constitutional outcome it remains vital that governments uphold the key international conventions such as CEDAW, the Convention on Rights of Child; those of the International Labour Organisation etc.

The Scottish Parliament has much to commend it, but still a way to go, if it is to establish itself, under either constitutional scenario as the powerhouse of a modern democracy. It must divest itself of power in the direction of local communities and local government and empower civil society to influence the next round of democratic change, whether that be defined in a new Constitution or the devolution of further powers. Once again, there are no guarantees. Under either constitutional scenario participation could increase or worsen depending on the approach taken.

In the case of a debate over further powers short of independence, the STUC will argue that a process which fully engages Scotland's communities must be embarked upon. It cannot simply be a question of a negotiation that involves only the Westminster and Scottish Governments. Other social partners, including the trades unions, have a legitimate role to play. Similarly, a Constitution for an independent Scotland must be written by the people. If the vote is YES, the STUC will make the case for key rights, including trade union rights to be enshrined. We will also support a constitutional prohibition on weapons of mass destruction.

Conclusion

In this report, STUC has recognised the enormous challenges presented in delivering social justice and equality, whatever the referendum outcome. But this should not be confused with not having an enormous appetite for change.

The STUC believes that Scottish society has been altered forever as a consequence of the debate we have undertaken over the past two and a half years. The focus on inequality, the importance of good work, individual dignity and community empowerment provides an opportunity which must not be missed. Scotland's referendum decision on 18th September must be recognised by all as a legitimate exercising of national self-determination. The 19th September will be a time to look forward, not backwards and the STUC intends to play its full part in creating the Just Scotland to which so many aspire.