

## Scotland's Dilemma: Competing Demands of Competing Unions

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Uncertainty has emanated from First Minister Sturgeon's announcement that she intends to resign as head of the Scottish Government and the SNP. Presently, the independence movement within this constituent nation of the UK, coupled with a desire to rejoin the EU held by many Scots, must contend with a variety of questions that have yet to be answered. One such unresolved aspect of political discourse being had in the independence debate is that over Scotland's monetary future. Currency is a complex, multilayered aspect of discussions had on Scottish independence when viewed as an aspect of national identity, thus rendering the creation of distinct lines between unionists and nationalists difficult at best. While politicians in Holyrood attempt to navigate a post-Sturgeon Scotland on both sides of the independence debate, such actors must also reckon with the competing currency demands of the UK and EU. Moreover, such demands, regardless of which union is ultimately victorious, must also account for the opinions of the Scottish public towards their monetary future.

Professor David Miller, who teaches political theory and works as a fellow at Nuffield College, notes that Scots hold a variety of identities that are important to aspects of the independence debate. While Scottish identity has enjoyed a strengthening in recent years, Miller argues other identities held by members of the Scottish populace have not entirely disappeared. Among these, a sense of British citizenship and cultural links that transit the Anglo-Scottish border remain. This is even the case with the SNP laying claim to such an identity being able to find continued expression through symbols like currency. Polling conducted by the firm *Redford and Wilton Strategies* found that 39% of Scots would be less likely to support independence should the new country be forced to relinquish the British pound as Scotland's currency to then adopt the euro currency. This is a sentiment that has existed for some time among a notable proportion of Scots, even during the 2014 independence vote. Previous polling from *Survation* found that both "Yes" and "No" voters largely showed strong preferences for retaining monetary ties with the UK that would enable Scotland to keep using the pound. This was the case with 52% of anti-independence voters and 41% among "Yes" voters. Furthermore, 45% of independence supporters were confident in the belief that such a currency union would come to fruition.

By now, it is no secret that Scotland voted differently than England and Wales during the Brexit referendum in 2016, with 62% percent voting to remain within the European Union. This has been central to arguments employed by pro-independence factions in Scotland, most notably the governing Scottish National Party and First Minister Sturgeon. Should a future outside of the current British union be secured on the long road to the European one, the monetary course of Scotland would become one of many vital issues. Plans made public by the Scottish Government have outlined the intent to use pound sterling in the post-independence transition years to maintain economic stability and continuity for Scotland until a new currency, deemed the "Scottish pound," would be created.

Currency is one subject where it does not appear possible that all aspirations of independence proponents can be met. Should Scotland in the future vote to leave the UK to ultimately apply to rejoin the EU, there are several challenges. Firstly, there is the problem of monetary sovereignty. Should a newly independent Scotland leave the current union with the UK, any intention to continue using the pound would be met with refusal by London to keep the existing currency union in this scenario intact. This would open the door to "sterlingisation," or using the pound devoid of a formal

union, meaning Scotland would have no backing or say over monetary policy that would continue to be set by the Bank of England in the first few years after securing independence.

This would further clash with EU member-states, save for Denmark, which enjoys a currency opt-out in EU treaties, being required to eventually adopt the euro. Should Scotland establish a Scottish pound, or try to continue using the British pound, this element of Scottish identity and long-established ties to the rest of the United Kingdom would eventually need to be dropped for the euro. According to EU Commission spokesperson Andrea Masini: "It is up to individual countries to calibrate their path towards the euro and no timetable is prescribed." This comment followed an unspecified EU source that told the *Times* that "no euro, no entry," a statement supported by a supposed further three officials. While an independent Scotland would not need ascribe to the dictates of the EU's currency union immediately, the pound would have to eventually be relinquished to meet the demands of membership outside of British union.

If anything is to be drawn from these points, it is that an independent Scotland that would seek to rejoin the EU would be caught between competing demands domestically and abroad. During any potential transition period, Scotland would be faced with surrendering monetary sovereignty if it sought to continue using the pound without a formal union with the UK, something that in the short-term contradicts the aims of independence. This scenario would be coupled with polling data which continually indicates that while many Scots, and in recent cases a majority, support a future outside of the 300-year-old union with England, many of these same supporters of independence still retain a cultural attachment to the British pound as their currency. While many members of the Scottish public may initially appear prepared to sever links with the UK in favour of re-establishing those with the EU, many individuals, nationalists and unionists alike, are not yet ready to forego this long-established symbol of identity in favour of the euro. On the other hand, despite the expressed desires of the SNP, Scottish Government, and First Minister Sturgeon to eventually join the European Union while having a Scottish pound long-term, the dictates of the bloc's *acquis communautaire* concerning adoption of the euro is irreconcilable with this idea.