



A stronger economy with independence



Summary

Introduction

This document is part of the Building a New Scotland series that sets out the Scottish Government's case for Scottish independence.

This is a summary of the Scottish Government's proposals for the economy of an independent Scotland. It explains what these proposals would mean for you, for businesses, and for Scotland as a whole if Scotland became independent and if this Scottish Government were delivering independence.

Further details, including the range of evidence that informs the proposals, references to sources and analysis, and the rationale for these proposals, are set out in [the full publication](#).

Future publications in the Building a New Scotland series will cover the full benefits of re-joining the EU, detailed proposals on energy, and other key issues such as social security, pensions and using the powers of independence to make the fastest possible just transition to net zero.



What these proposals would mean for you

We will use the full powers of independence to build an inclusive, fair, wellbeing economy that works for everyone in Scotland. The proposals in [Building a New Scotland: A stronger economy with independence](#) are designed to allow you to:

- have lower energy prices and security of supply by increasing and diversifying our electricity-generating capacity, making better, greener use of Scotland's abundant natural energy resources
- have a better, fairer working life, including improved access to flexible working, greater job security through strengthened workplace rights and, if you are a young person, the same minimum wage as everybody else
- escape a UK economic model that concentrates wealth in London and the South East of England, while producing inequality, low investment, and low productivity
- regain your European citizenship and the right to study, work and live across the European Union
- retain free movement across these islands, including in the UK and Ireland
- keep using the pound sterling, until the time is right to move to a Scottish pound
- benefit directly from investments from the Building a New Scotland Fund, with an investment of up to £20 billion in major infrastructure only possible with independence. This would be designed to give Scotland the best start as an independent country, including investment in more energy-efficient homes, greener transport, better digital and mobile connectivity, and more affordable housing
- take part in new ways for communities to own and steer the economy, including through direct stakes in local developments
- live in a country where decisions about how we use our assets, talents and resources reflect our values and democratic choices, allowing Scotland to develop the kind of inclusive, consensus-driven economic policies that serve other European countries so well.

What these proposals would mean for your business

Independence would enable the creation of an economy that works better for everyone who does business in Scotland. The proposals in [Building a New Scotland: A stronger economy with independence](#) are designed to help your business to:

- escape the UK's Brexit-based economic future, which is predicted to result in a long-term reduction in productivity of 4% compared with remaining in the EU
- contribute to, and benefit from, the higher productivity, higher investment economy achieved by comparable independent countries
- have lower energy prices and a more secure supply by making better, greener use of Scotland's abundant natural energy resources
- be inside the European Single Market, the largest single market in the world and one that is seven times larger than the UK market
- operate in a country that has influence, as an EU member state, in the trade deals and regulations that affect our business environment
- get practical support to ensure smooth trade across borders, including with the UK
- get the workers you need by reversing Scotland's long-term population trends and regaining access to talented and committed people from across Europe and the world
- trade in a country that would be an attractive destination for investment
- benefit from investments made by the Building a New Scotland Fund, including in more energy-efficient business premises, net zero technologies, and better digital and mobile connectivity
- increase its dynamism and productivity by taking a new approach to fair work, one that is better for employers and employees
- benefit from reformed models of corporate governance that the evidence shows improve profitability
- influence government policy directly through new bodies like the Scottish Fair Pay Commission, which will assume responsibility for setting the national minimum wage.

What these proposals would mean for Scotland

Independence would enable the creation of an economy that works better for Scotland. The proposals in [Building a New Scotland: A stronger economy with independence](#) are designed to allow Scotland to:

- grow the economy in a way that works for everyone. Comparable European independent countries have national incomes that are, on average, £14,000 per person higher than in Scotland (over £11,000 excluding Ireland). This is not performance that Scotland could match overnight, but it does demonstrate what is possible while maintaining more egalitarian societies
- demonstrate there is no trade-off between greater prosperity and greater fairness. Indeed, as those independent countries show, economic dynamism and social solidarity reinforce each other
- take advantage of our massive renewable energy resources so they are the bedrock of an independent Scotland's new economy. Hydrogen, for example, powered by renewable electricity, may be Scotland's greatest industrial opportunity since oil and gas, supporting up to 300,000 jobs
- build on the success of devolved decision-making by making the most of other key Scottish economic strengths
- escape the damage of Brexit and grow our international trade
- put a partnership approach between business, unions, government, and others at the heart of economic policy-making
- make the wellbeing of our population the fundamental aim of that partnership approach
- give greater security to our workforce
- have a migration policy tailored to our needs, growing our working population and boosting national income and productivity.

The Scottish Government's proposals for the economy of an independent Scotland

Why choose independence

The economy of the UK is delivering low productivity, stagnant wages, and high inequality.

UK Government policies are making major economic challenges — such as inflation, inequality and the cost of living crisis — worse. Instability and uncertainty are increasing, as financial markets express a lack of confidence in the UK Government's economic management and competence.

Because of Brexit, Scotland has lost the full and free access we once had to the huge European Single Market. This is impacting on our economy, including our levels of trade and how competitive our businesses are.

The evidence set out in the full publication shows that Scotland has the potential to do so much better than this. Independent countries comparable to Scotland are happier, wealthier, and fairer than the UK. They are among the most successful economies in the world.

Scotland has great economic strengths. We have the skilled people, the dynamic businesses, and the natural resources — including vast, lower-cost, renewable energy — to be just as successful as comparable independent European countries.

Independence offers Scotland the chance to build a stronger economy — and a more just society — for this and future generations.

The UK's economy underperforms

The UK has lower productivity, consistently lower business investment, significantly higher inequality, and higher poverty than European countries comparable to Scotland.

In the UK, economic activity is concentrated in London and the South East of England. This disadvantages other parts of the UK, including Scotland.

On top of this, the negative effects of Brexit are now becoming real.

For example, sectors like food and drink are major employers in rural areas but are currently experiencing severe labour shortages because of both Brexit and the pandemic.

Losing free movement between Scotland and the EU is likely to add further pressure to our declining working age population.

The independent Office for Budget Responsibility estimates that Brexit will reduce productivity in the long term by 4%. This is the equivalent of a loss, for the UK, of around £100 billion in output and £40 billion in public revenues. For Scotland, this is equivalent to a loss of around £3.2 billion in revenue per year.

This has made the UK less prepared for the cost of living crisis than some of our neighbours in Europe. To date, the impacts on low income households here are greater than in many other countries.

Scotland voted overwhelmingly to remain in the EU. But we could not prevent Brexit. Only independence would allow us to escape its consequences.

Independence offers the possibility of a different approach, one that tackles poverty and inequality at the same time as delivering prosperity.

Scotland's economy has huge potential

Scotland's economy is one of the best performing in the UK. We have the highest income per person of the UK's devolved nations or regions, other than London and the South East of England.

But independent European countries comparable to Scotland are wealthier, in some cases much wealthier, than the UK. And they are fairer, with significantly lower income inequality and lower rates of poverty than the UK.

Scotland's economy has the potential to match those successful countries.

We have abundant natural resources. For example:

- we are ranked first amongst the UK's nations and regions for green growth potential and opportunity
- we have the world's leading wave and tidal test centre and the world's most powerful tidal stream turbine
- we have massive offshore wind potential. ScotWind provides seabed rights for potential development of almost 28GW of offshore wind energy, putting Scotland at the forefront of the global development of the sector.

Our food and drink sector is a huge success. For example:

- it supported 122,000 jobs in Scotland in 2019 and added £5.8 billion to the economy
- Scotch whisky is the UK's biggest drink export, with turnover of £4.1 billion in 2019. In 2019, our whisky accounted for a fifth of all UK food and drink exports
- Scottish salmon is the UK's largest food export, with an export value of over £600 million in 2019
- Scottish fishing and aquaculture (fish and shellfish farming) had a turnover of £1.1 billion in 2019.

We are a highly educated and skilled country. For example:

- we have a higher share of our population with a university or college education than anywhere else in the UK or EU
- we have world-class universities: three in the top 200 of the Times Higher Education World University Rankings 2023, and nine in the top 200 based on international outlook.

We have key specialisms in industries of the future like digital technology, including artificial intelligence and cyber security. For example:

- Dundee is a leading centre for the gaming industry and Edinburgh is aiming to be the Data Capital of Europe
- in 2021, the digital technologies sector employed 74,000 people and contributed £5.3 billion to the economy.

Scotland's creative industries employed 90,000 people in 2019, contributing £4.2 billion to the economy that year. Tourism employed 229,000 people in 2019 and contributed £4.5 billion to the Scottish economy.

As you can see, our economy has substantial strengths and in-built advantages.

But we are tied to a low-growth, low-productivity UK economy that is starting to feel the full effects of Brexit.

We need independence to make the most of our strengths and advantages.

Westminster still controls most economic powers

Despite devolution, most economic powers are controlled by the Westminster Government and Parliament.

Westminster still controls:

- foreign affairs and international trade
- the fiscal, economic, and monetary system
- most taxes
- most social security benefits
- tax credits and child benefit
- the minimum wage
- financial regulation
- immigration
- key aspects of energy policy, including North Sea revenues, the generation and supply of electricity, and offshore oil and gas
- trade and industry, including company law, competition, and consumer protection
- cyber security
- key aspects of transport
- employment legislation and industrial relations law
- broadcasting and media regulation
- telecommunications regulation.

With independence, decisions about all these things would be for the Scottish Parliament and the Scottish Government, elected by the people of Scotland, to make. Decisions would be made based only on what is best for Scotland.

The Scottish Government has a plan for becoming independent

With independence, Scotland's economy would move from being a part of the UK's underperforming economy to an independent one that is stronger and fairer.

The Scottish Government's plan for doing this is as follows.

As soon as practicable, Scotland would move to a new currency, the Scottish pound

In the early years of independence, for continuity and practicality, the pound sterling would remain Scotland's currency.

People who live in Scotland would continue to be paid in sterling, get their pensions in sterling, and buy goods and services in sterling. Businesses would continue to trade in sterling.

When the time is right, Scotland would move from using sterling to having our own currency, the Scottish pound.

Some of the most successful European countries comparable to Scotland — like Denmark, Sweden, Switzerland, and Norway — have their own currencies. Introducing the Scottish pound would help ensure Scotland can make the most of the full powers of independence.

There would be no fixed timetable for introducing the Scottish pound.

A new, independent Scottish Central Bank would report on economic criteria and conditions for considering when the Scottish pound should be introduced. It would be for the Scottish Parliament to make the final decision on when to introduce the new currency.

After the introduction of the Scottish pound, the Scottish Central Bank's role would expand to take on its management. The Bank's role would be like that of the Bank of England. The Bank would be independent of government, and would have a clear mandate, focusing on ensuring financial stability.

An independent Scotland's finances would be managed responsibly

After a vote for independence, new institutions would be set up to make sure that an independent Scotland has sustainable public finances.

Fiscal rules would be put in place, informed by international best practice, targeting economic stability and success. The Scottish Fiscal Commission would assess Scotland's performance against these rules every year.

Scotland would take a responsible position on UK debt, agreeing to pay a reasonable share, taking account of the assets Scotland is entitled to.

Comparable independent countries to Scotland have stronger public finances than the UK. And analysis suggests that Scotland's estimated deficit could match or be lower than that of the UK as a whole this year, providing a stronger financial position.

Further details of these proposals are set out in the [Currency and fiscal policy](#) section of the full publication.

Investment in infrastructure would give an independent Scotland the strongest start

Investing in infrastructure is a powerful way to boost productivity and economic growth while reducing carbon emissions and helping us reach net zero targets.

The Scottish Government proposes setting up a dedicated [Building a New Scotland Fund](#) to invest up to £20 billion over the first decade of an independent Scotland. This would be funded from oil and gas revenues and other windfall income, and where necessary from borrowing.

Delivering investment on this scale would only be possible with the full powers of independence.

The Fund would invest in infrastructure projects. For example:

- speeding up the just transition to net zero, tackling climate change and moving to a lower cost energy system. The Fund would invest in strengthening Scotland's pumped-storage hydro-electricity facilities to help provide diverse and reliable sources of energy, as well as measures to help reduce fuel bills and fuel poverty
- helping the economy grow in a fairer way, reducing inequalities. The Fund would invest in connecting remote, rural and island communities, and providing access to faster internet
- building strong and sustainable places. The Fund would invest in large affordable housing projects.

Further details of these proposals are set out in the [Building a New Scotland Fund](#) section of the full publication, alongside the assumptions and evidence informing its design.

Scotland would re-join the EU and re-open our borders with Europe

The Scottish Government proposes that Scotland should apply to re-join the EU.

The people of Scotland did not vote to leave it.

Within the EU, the borders that were put up because of Brexit would come down between Scotland, the 27 countries of the EU, and Northern Ireland.

This would restore the right of Scottish citizens to move freely within the EU.

And the people of Scotland would be able to move freely within these islands as well, including in the UK and Ireland.

Under an arrangement called the Common Travel Area (CTA), people in Scotland would also be able to move freely within the UK, Ireland, the Channel Islands, and the Isle of Man.

Ireland is both an EU member state and is in the CTA. This is a long-standing arrangement that is recognised in EU treaties.

It would make sense for everyone for CTA arrangements to continue when Scotland becomes independent. It would mean that rights to travel, live, work, and access services — including housing, education, and healthcare — would continue for British and Irish citizens in Scotland, and for the citizens of an independent Scotland in the UK and Ireland.

Re-joining the EU would boost trade and improve our economy

Being in the EU as an independent country for the first time would allow Scotland to combine the powers of independence with membership of the European Single Market. This is the world's largest single market: by population it is seven times the size of the UK.

The benefits of EU membership would be felt by business and especially by exporters. This is important: the most recent data show that the value of Scotland's exports in manufactured goods to the EU and the rest of the world was higher than the value of those exports to the rest of the UK.

As a member state, Scotland would have influence within the EU. And we would benefit from the EU's existing trade deals and its ability to negotiate new trade deals on beneficial terms.

To protect our place in the single market, checks on goods would take place between Scotland and the UK, but would be removed between Scotland and the 27 EU countries.

Under the UK's Brexit deal, checks already take place on goods moving within the United Kingdom: those that go to and from Northern Ireland. With Scotland as part of the EU, goods would move freely between Scotland and Northern Ireland.

The Scottish Government would put in place arrangements, including direct practical support to:

- smooth trade, including through seeking to reach EU/UK agreements on checks
- support traders moving goods between Scotland and the UK
- encourage direct transport links between Scotland and the EU.

Further details of these proposals are set out in the [Boosting trade and re-opening our borders with Europe](#) section of the full publication.

A greener economy with independence

Scotland's enormous renewable energy resources would be the bedrock of our new economy.

Reliable lower-cost, renewable energy would help households and give Scotland's businesses a significant competitive advantage.

Scotland's massive offshore wind potential, for example, could supply renewable electricity not only for Scotland, but also for export to the UK and Europe.

Scotland can be a model for how an economy can make the fastest possible just transition to net zero, transforming itself, de-carbonising, and creating secure, well-paid jobs.

A fairer labour market with independence

A new approach to work would be key to building both a dynamic economy and a just society.

A modernised labour market would deliver improvements to wages and to terms and conditions. This Scottish Government is proposing a single rate for the national minimum wage — one that better reflects the cost of living — with no lower rates for younger workers.

Access to flexible working would be strengthened to give parents and carers, most of whom are women, more choice over how to balance caring and employment responsibilities. Enabling people to work would help to tackle child poverty.

Scotland's gender, disability and ethnicity pay gaps would be addressed, in part by introducing greater transparency in pay reporting.

Unfair labour laws — like the UK Trade Union Act 2016 — would be repealed as a first step to better industrial relations.

With independence, a future Scottish Government could boost co-operatives by passing a ‘Marcora law’, helping workers organise co-operative buyouts or rescues when a business is up for sale or under threat. Impressive evidence from Europe shows that these businesses, when run on co-operative lines, can be resilient and successful. And co-operatives have the benefit of sharing wealth and power with their workers.

A more dynamic and productive economy with independence

An independent Scotland in the EU would expand international trade and attract entrepreneurs and investment from across the world to help contribute to a more dynamic and productive economy.

Comparable European countries to Scotland have shown that building a dynamic economy and focusing on social justice can go hand in hand. Each makes the other stronger.

An independent Scotland can seek to replicate the success of these countries, with improved approaches to investment, entrepreneurship, corporate governance, family-friendly policy and co-operatives.

A more open and welcoming immigration system with independence

An independent Scotland can leave behind the hostile environment of the UK’s approach to immigration.

That approach is particularly damaging in Scotland, where our share of the UK population is predicted to fall from 8.1% in mid-2020 to 7.6% by mid-2045.

Instead, Scotland’s new approach would be designed to attract working-age people and their families to live here.

This would help ensure that our businesses can access the skills and people they need. It would also meet the needs of those parts of Scotland most at risk of depopulation.

Further details of these proposals are set out in the [A better economy with independence](#) section of the full publication.

Conclusions

Scotland's economy has many strengths and huge potential.

Independence, and membership of the EU, can together make the most of that potential — for the whole of Scotland.

We can build a stronger economy — and a more just society — for this and future generations.

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