

Scottish Independence and Relations with the EU

Written by Christian Schweiger

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CHRISTIAN SCHWEIGER, JUL 21 2012

It is quite surprising that the issue of exit from the United Kingdom has moved to the top of the political agenda in Scotland at a time when most countries in Europe continue to be shaken by economic crisis. The Scottish National Party (SNP) government in Edinburgh seems to want to go it alone. This stands in stark contrast to its neighbours on the continent who are in the process of moving towards deeper political and economic integration in an attempt to rescue the project of the Single Currency which was supposed to help to unite Europe and to make the Single Market more competitive in the global economy.

The Scottish government's aspiration to make Scotland fully independent from the rest of the UK and to establish it as a full member of the EU is unlikely to meet with substantial opposition from other member states. The EU has a long-standing record of giving support for regional independence and granting regions a voice in the Union. This is most prominently reflected by the creation of the *Committee of the Regions* which has its established consultative role as representative body for regional interests in the EU policy process. It is based on the EU's basic operational principle of *subsidiarity*, which emerged in the aftermath of the implementation of the 1993 Maastricht Treaty in response to the widespread criticism that the EU was in the process of becoming a centralised superstate. In practice this means that decisions should in principle always be made on the lowest possible level and only be transferred to a higher level if this is likely to lead to more efficient governance. In this respect the public debate on the shape of the EU often ignores the fact that since Maastricht official EU policy has focused less on the further centralisation of powers – but rather on subsidiarity (developing efficient ways to distribute power amongst multiple levels). As part of this the EU has encouraged national governments in highly centralised member states to look towards implementing decentralisation strategies which redistribute powers from the centre towards the periphery. When the Blair government initiated the devolution of powers in the UK from Westminster towards Scotland, Wales and Northern Ireland in the late 1990s it was fully in line with the EU's post-Maastricht decentralisation strategy.

If Scotland really follows First Minister Alex Salmond's dream and goes down the route towards independence it would certainly have unforeseen consequences for both the constitutional setup of the UK and its status as an EU member. As an independent small country Scotland should however not be expected to be treated any differently from some of the former Soviet Union Republics (Estonia, Latvia and Lithuania) who were granted EU membership in 2004 and the countries which emerged after the breakup of Yugoslavia who are all in line for membership, with Croatia being the first to be allowed to join in 2013.

Scotland would certainly be able to become an EU member in its own right. Provided that the Eurozone survives its current crisis and the Scottish economy remains on track to meet the criteria of the Stability and Growth Pact, Scotland would even have a realistic prospect to join the Eurozone. After all under the current membership criteria it is expected that each new member state prepares itself for the adoption of the Euro by keeping its deficit and level of interest rates under control. This is potentially an area where the Scottish government would find itself most constrained once it has obtained full budgetary independence from Westminster. Under the new strict rules of the fiscal treaty, which will apply to all Eurozone member states once it is fully ratified, Scotland would have to constitutionally determine the fiscal rule to keep its structural defect below the limit of 1 per cent of its GDP[1]. It still remains to be seen in how far Scotland's budgetary situation will be adversely affected once it gains full independence and can no longer rely on financial support from England. In spite of the claims made by the SNP that Scottish independence would not leave the country worse off in budgetary terms, it is unlikely that the current levels

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of public spending in Scotland can be maintained.

More problematic would be Scotland's status as an independent EU member state in the area of foreign and particularly defence policy. It currently remains unclear if an independent Scotland would remain part of the British military forces or if it would develop its own military capabilities and consequently an independent defence and security policy. This is probably the biggest concern for the British government which has to fear that the withdrawal of Scottish forces from the UK's military capabilities would substantially weaken the status of a smaller Union consisting only of England, Wales and Northern Ireland in the EU's defence and security pillar.

To exit from the United Kingdom certainly poses substantial and unforeseen risks for Scotland, most of all in terms of the country's economic and budgetary development. However, England potentially has most to lose overall from Scottish independence. If Scotland splits from the rest of the UK and turns out to be relatively viable as an independent country it is possible that Wales, and even Northern Ireland, will follow its example. As a smaller country existing outside the Eurozone, England's influence over the political and economic agenda of the EU would be diminished. It would then only be a matter of time for the Eurosceptics in the Conservative party and the UK Independence Party to get their way and for a public referendum on England's EU membership to take place. Hence, English Eurosceptics who consider Scottish independence as an opportunity to push their country quicker towards EU exit should think again. Scotland might have the last laugh after all.

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[1] Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, 31 January 2012, available at: http://european-council.europa.eu/media/639235/st00tscg26_en12.pdf

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Christian Schweiger is Senior Lecturer in the School of Government and International Affairs at Durham University. His research interests concentrate on the institutions, policies and the member states of the European Union (particularly the UK, Germany and the Central and Eastern European countries), the political economy of the EU Single Market, economic globalisation and transatlantic relations. He coordinates the UACES collaborative research network *The EU Single Market in the Global Economy*. He is the author of *Britain, Germany and the Future of the European Union* (Palgrave 2007), *The EU and the Global Financial Crisis: New Varieties of Capitalism* (Edward Elgar 2014) and is currently writing a new book on the EU's legitimacy crisis.