

Summary

MAKE SURE YOU'RE IN THE KNOW

The referendum on 18th September 2014 means making a big decision – a forever decision – that affects everything: how we live and work, what money we use, the tax we pay, the laws we abide by and the passport we carry.

Creating an independent Scotland would mean creating a brand new country. The UK will still go on without Scotland, as will all the organisations and services it provides, but they would no longer be shared automatically with people in Scotland. It's not simply the case that things like the pound, our pensions or the BBC would automatically carry over. Exactly how the new country would work – everything from its economy and taxes, to its army and public services – cannot be known.

*What we do know is: the UK works.
And works well.*

It works well for our families, it works well for our finances and it will work well for our future. We believe that united we have much more to share and much more to gain.

**The UK is stronger *with* Scotland
and *for* Scotland.**

THIS DEBATE COULDN'T MATTER MORE AND HERE'S WHY THE UK MATTERS TO ALL OF US:



Size matters

because being part of the UK brings us more opportunities to invent and manufacture, solve problems and provide strength in numbers. Having more people means there are more goods and services for us all to use, and we have more influence when it comes to working with others around the world



Together matters

because goods, business and people can move freely around the UK without the need for things like passports or customs checks. The different parts of the UK do most of their business with each other so it's important this can be done openly, without barriers or borders. But it's not just physical things – the whole of the UK benefits from the free flow of ideas and innovation



Money matters

because the UK has a resilient economy and a strong currency, and both have served us well during tough times. And it's an economy we control, with the Bank of England setting our interest rates (which affect our mortgage rates) rather than a shared central bank that serves multiple countries



Devolution matters

because it means the Scottish Parliament decides on the day-to-day issues that matter to people and businesses in Scotland. Decisions and initiatives made by Scottish Parliament have inspired the rest of the UK, such as the smoking ban in public places, pioneered by Scotland in 2005

Your decision matters.

Given how complex the issue is, and the major and long term consequences it could have, it is important to make an informed choice. Our comprehensive analysis gives you the facts and information you need

KNOW THE FACTS

The fact is, no one has all the facts. If Scotland decides to become independent then many more complex decisions will follow – many would require difficult negotiations, of which we can't predict the outcome.

What we do know is that the UK already works well for all of us. The UK provides world class defence, international influence, financial security, pensions and benefits, world-leading science and the very best of sport and culture – **it's too good to gamble.**



Infographic

KNOW THE NUMBERS

The referendum is a big deal and there's a lot of information to get your head around. To help you decide here's some fast facts about the organisations and resources shared across the UK, which make us a strong and stable family:



In 2012-13, public spending in Scotland was about **10 per cent higher per person** than the UK level and, thanks to devolution, it's spent to meet Scotland's needs



£2000 – the potential cost per household every year of putting a border between Scotland and the wider UK economy.



200+ – the number of public bodies Scotland shares with the rest of the UK – from MI5 and Royal Mint, to the Driving Standards Agency and the Big Lottery Fund

NEW BORROWING POWERS



More powers are coming to Scotland – from 2015-16 the Scottish Parliament will have **new borrowing powers** and the power to set its own Scottish income tax rate, without the need for independence



THE IMPACT OF A BORDER... IN NUMBERS

WORKING TOGETHER WITHOUT BORDERS MEANS
OUR ECONOMY IS DIVERSE AND SUCCESSFUL



Almost **200,000 jobs in Scotland depend on the financial sector.**
Nine out of ten Scottish financial services companies' customers are
in the rest of the UK.



70% of Scottish goods and services are sold to the rest of the UK.



In 2012 Scotland exported **£50 billion** worth of goods and services
to the rest of the UK and imported **£63 billion** from the rest of the UK.



In 2012 businesses operating in Scotland but owned elsewhere
in the UK supported **338,000 Scottish jobs.**



More than **450,000 people** living in Scotland today were born in
England, Wales or NI, and more than **830,000 people** born in
Scotland now live elsewhere in the UK.



c30,000 – the number of people who travel in and out of Scotland
each day to work.



Factsheet

KNOW THE ANSWERS

There's far more than just one question that needs answering in this referendum. No one has all the answers, but to help make sure you're in the know about what we do know, here's our referendum rundown:



Would I pay more tax in an independent Scotland?

The UK Government estimates that the 'UK Dividend' - the value of the UK in terms of lower tax and higher public spending - is worth £1,400 per year to each person living in Scotland. To compensate for losing the UK Dividend, an independent Scotland would need to reduce spending or increase tax compared to remaining part of the UK.

If the government of an independent Scotland chose not to cut public services, it would have to raise an additional £1,400 per person through taxes. This would be equivalent to raising the basic rate of income tax from 20% to 28%, raising VAT from 20% to 26% and increasing duties on alcohol, tobacco and fuel by about 40%.

What will happen to my pension and benefits?

Pensions and benefits will definitely be affected. At the moment, 70% of people in Scotland buy their personal pensions from firms elsewhere in the UK. The Institute of Chartered Accountants of Scotland have highlighted that cross-border employers would face higher costs to fully fund their pension liabilities. Private pensions may also be less secure, as they wouldn't necessarily be included in the UK Government's Pension Protection Fund.

Public spending on pensions and benefits is currently 2% per person higher in Scotland than in the rest of the UK. It's difficult to see how this support would be maintained in an independent Scotland, which would also have to fund its own financial institutions, pay to be a member of international organisations, set up its own armed forces, and negotiate its international treaties.

NO ONE HAS ALL THE ANSWERS, BUT TO HELP MAKE SURE YOU'RE IN THE KNOW ABOUT WHAT WE DO KNOW, HERE'S OUR REFERENDUM RUNDOWN:

How would an independent Scotland's armed forces work?

The current UK armed forces based in Scotland would not automatically become Scottish on independence. Nor would the creation of independent defence capabilities and armed forces be as simple as transferring units or assets that are recruited or based in Scotland now. Many critical functions could not be split. Whether replacing or rebuilding these functions, the government in Scotland would have an expensive task: recruiting, training, housing and managing service men and women; developing and maintaining ships, weapons, and planes; and creating support networks such as medical provision and intelligence. An independent Scottish government would also need to create new security services and new organisations to protect people from online crime, from scratch.

Will there be a border and what passports will we need?

If Scotland votes for independence an international border would be created between an independent Scotland and the continuing UK. It's not yet known whether Scotland would be required to join the European borderless travel area (the Schengen area), which covers most EU countries but not the UK and Ireland – if it were required, people would need to show a passport to cross the border between Scotland and the rest of the UK. If an independent Scotland were able to negotiate an opt-out from Schengen, it could be part of a Common Travel Area with UK and Ireland, but this would depend on it agreeing to align some of its visa and immigration policies with those of the UK and Ireland.

What impact will independence have on Scottish trade, jobs and businesses?

Currently, most Scottish exports go to elsewhere in the UK and a large number of businesses in Scotland have mainly UK customers. Scottish firms sell goods and services to the rest of the UK without restrictions, so any form of border and separation would make that trade more difficult and potentially more expensive. And, there's no guarantee that Scotland would become a member of the EU straight away. Costs and uncertainties like these will likely affect how businesses perform and employment prospects for Scottish people.

Why couldn't Scotland keep sharing the pound with the rest of the UK?

The current Scottish Government has proposed a formal currency union between the continuing UK and an independent Scotland.

But sharing a currency doesn't make sense if separate governments are pulling in separate directions. That is why the UK did not join the euro, and why all three of the largest political parties in the UK have ruled out sharing the UK pound or the Bank of England with an independent Scotland. The experience of the euro area shows that for shared currencies to work there must be close political cooperation, and independence would be the opposite.

Although Scotland could use the pound without a formal agreement with the rest of the UK, it would have no say over interest rates and no central bank to bail out financial institutions in times of crisis, or to back Scotland's mortgages, savings and pensions. Staying in the UK is the only way to keep the pound we have now.

How will the UK debt be divided and paid?

In the event of independence, the UK Government would honour all of its debt obligations, but an independent Scotland would be responsible for repaying the UK for a fair and proportionate share of this debt. The size of that share and the terms of repayment would need to be negotiated between both governments. Options include splitting the debt according to population size (as happened when the former Czechoslovakia broke up), or according to economic output per person. In either case, an independent Scotland would have large existing debts for a relatively small country. It would also have to establish a new system for managing its currency and borrowing money on financial markets for the first time, the consequences of which are hard to predict but most experts agree that an independent Scotland would pay higher interest rates than it does as part of the UK.





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