Published on *Adam Smith Institute* (http://www.adamsmith.org)

Rethinking the Union [1]

Written by **Tom Clougherty** [2] | Tuesday 11 December 2007

In advance of his trip to Edinburgh yesterday to speak to Scottish Conservatives and businesspeople, David Cameron gave [3]an interview to *The Telegraph* in which he set out his position on the Union, devolution, and the West Lothian question. The following statement sums it up fairly well:

> *[A]n imperfect Union is better than anything that threatens it. The Union always comes first.*

Personally, I am not so sure. If Scotland actually wants to be independent, then why not let them? With the English subsidy tap turned off, the Scottish government would be forced to abandon their socialist tendencies and follow Ireland's low tax route to success (something Alex Salmond, the SNP first minister, has said he wants to do). A recent ASI briefing paper by international economist Gabriel Stein argued [4] that ten years after adopting Irish tax levels, the average Scot would be £6,000 a year better off than his counterparts in the rest of the UK, whereas today the average Scot is £1,700 behind.

That assumes no changes in what remains of the UK. It's a fair bet, however, that with tax competition from north of the border, the Westminster government would start cutting taxes too, boosting economic growth and improving the living standards of their citizens as well. In tax and government, as in all other things, competition is a very good thing.

Of course, we don't actually need Scotland to be independent for any of this too happen. Scotland could become fiscally autonomous within the union (an idea that's becoming increasingly popular), setting their own tax rates and raising the money they spend. Indeed, if we devolved the power to set and collect income tax, corporation tax, VAT, local taxes and other charges and duties, they could easily cover their devolved expenditure right away.

My main worry with Cameron's position is that it may rule out such a course of action on the grounds that it 'threatens the union' ? regardless of the benefits it could bring.

blog comments powered by Disqus [6]

Source URL: http://www.adamsmith.org/blog/politics-and-government/rethinking-the-union

Links:
[1] http://www.adamsmith.org/blog/politics-and-government/rethinking-the-union
[2] http://www.adamsmith.org/authors/tom-clougherty
[3] http://www.telegraph.co.uk/news/main.jhtml?xml=/news/2007/12/10/nbrits310.xml

[4] http://www.adamsmith.org/images/uploads/publications/Independent_Scotland_Riches.pdf
[5] http://disqus.com/?ref_noscript
[6] http://disqus.com