

Five political problems with 'Full Fiscal Autonomy' for Scotland

By Democratic Audit UK

The SNP have turned the Scottish political map yellow, routing Labour, the Liberal Democrats and the Conservatives in winning nearly all of Scotland's seats. The scale of the next transfer of power from Westminster to Holyrood has been up for debate, with 'full fiscal autonomy' (FFA) being suggested. **Paul Cairney** argues that there are at least five political problems with the proposal, which he details here.



Credit: [Howard Lake, CC BY SA 2.0](#)

'Full fiscal autonomy' (FFA) is the devolution of all tax and spending decisions to Scotland. It involves the Scottish Government forming its own Treasury and Inland Revenue function, raising its own revenue, and making a contribution to the UK for shared services such as spending on defence and foreign affairs.

FFA is back on the agenda following the combination of a Conservative majority in the general election, on the back of votes in England, and its need to recognise a sweeping SNP win in Scotland. Early rumours suggest that David Cameron is ready to offer it [in a peace deal to save the Union](#) and we might get the impression that a UK government can click its fingers and make it so. There are five important political problems with this idea.

No party in Scotland wants it – or, at least, not like this

This seems like a strange thing to say – surely, at the very least, the SNP wants it?! Yet, Sturgeon's language throughout the election campaign (and [p11 of the SNP's manifesto](#)) was about FFA taking a long time, based on it taking 5 years (2007-12) to introduce a modest devolved tax and spending regime. By this calculation, the groundwork for something far more ambitious would take longer than a second independence referendum to materialize.

The other main parties in Scotland have described FFA as *disastrous* (generally drawing on [IFS analysis](#)). It is hard to overstate just how much they are against it. Indeed, they were the parties which talked about it most because they saw it as a subject that *weakened the SNP*. Maybe it doesn't matter so much that Labour used the imagery of the [bombshell](#) and the Liberal Democrats described the ['devastating impact'](#) it would have on Scotland, since both parties are now out of the picture.

However, it does matter what the [Scottish Conservative rhetoric has been](#), including the statement that, ‘The public deserve to know the full impact of what fiscal autonomy would mean for Scotland’, that FFA would produce ‘massive spending cuts, a hike in taxes or radically increased borrowing’, and that ‘[Almost no major employers back](#) the SNP’s plan for full fiscal autonomy’. Only three weeks ago, [Ruth Davidson described FFA](#) as a disastrous way to exploit Scottish taxpayers to secure independence ‘by the back door’:

Stage two comes if the SNP gets its way to impose independence by the back door. Ms Sturgeon has confirmed this week that separation remains her goal, and has refused to rule out another referendum soon. But, in the meantime, the goal is to settle for what the Nationalists call “full fiscal autonomy”. Under this plan, we’d remain in Britain, but all the financial ties we currently share with the rest of the UK would be severed. And Scotland’s system of public services would rest entirely on the shoulders of the poor, benighted Scottish taxpayer.

The people advocating it are doing it to help themselves, not Scotland

Some senior conservatives are using the right language with the SNP and describing the Scottish result as something that has to be respected – but suddenly portraying FFA as good for Scotland and the Union would be near impossible given what the [David Cameron said about](#) it less than a month ago.

Others may be describing FFA as a way to stick it to the SNP, encourage centre-right politics in Scotland and satisfy an audience in England. For example, [Conservative MEP Daniel Hannan](#) argues that the SNP is the Scottish equivalent of Greece’s Syriza and only able to use anti-austerity rhetoric because the Scottish Government doesn’t raise its own budget.

This tactic is divisive and damaging

Playing politics with Scottish constitutional change just makes things worse. Portraying FFA as good for England and some much-needed medicine (or, perhaps confusingly, a poisoned chalice) for Scotland is divisive and goes against the idea that the Conservatives want to do what it takes to protect the Union.

Key arguments against Scottish independence apply to FFA

Remember the sorts of issues that arose during the referendum, such as: you can’t have a shared currency if your tax/ spending regimes are too different (No campaign); and independence is a way to get rid of Trident (Yes). These problems would resurface with FFA, since the UK Treasury would want assurances that Scottish Treasury decisions did not have too much of a knock-on effect, and an SNP-led Scottish Government would not want to transfer money to the UK for Trident. Effectively, the UK Conservative government would be saying: ‘you can have FFA if you pay for the shared services we choose, and you stick to our fiscal rules’ (the latter seems to be a feature of the albeit-vague ‘[no detriment](#)’ principle). Calling this ‘full fiscal autonomy’ would be rather misleading.

There would be very little to hold the Union together

The economic argument dominated the independence campaign. It was by far the biggest element of the No campaign. FFA would largely remove that argument, since almost all warnings would be about powers that have already been granted to Scotland.

In short, ‘full fiscal autonomy’ for Scotland could be seen as the ultimate cynical solution to the rise of the SNP, and could well backfire to cause the death of the Union – unless the parties are now proposing something that can be described (with fingers crossed) as FFA while being nothing of the sort.

Note: this post originally appeared on [Paul Cairney’s personal blog](#). It represents the views of the author and not those of Democratic Audit UK or the LSE. Please read our [comments policy](#) before posting.

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