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Citation: Shaw, Keith (2014) 'Our Friends in the North': Responses to the Independence Debate in the North East and Cumbria. *Scottish Affairs*, 23 (3). pp. 396-406. ISSN 0966-0356

Published by: Edinburgh University Press

URL: <http://dx.doi.org/10.3366/scot.2014.0038> <<http://dx.doi.org/10.3366/scot.2014.0038>>

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‘Our Friends in the North’: Responses to the Independence debate in the North East and Cumbria.

Professor Keith Shaw



Introduction

Given a shared border history, a number of economic and social characteristics in common, and often intense economic rivalries, it is not surprising that the possibility of an independent Scotland has stirred up a hornets nest in the North East of England and Cumbria. While the debate (just) south of the border has certainly intensified over the last six months, it is important at the outset, to place the varied responses of local politicians, MPs, business leaders and the local media within a wider historical context.

One important contextual factor is the long-held view that a more powerful Scotland will inevitably undermine the economic fortunes of the North of England. Back in the late 1970s, North East Labour MPs who strongly held this view supported an amendment to the 1978 Scotland Act which ensured that the referendum on the creation of a Scottish Assembly needed to secure the support of at least 40% of registered voters. In the end, only 32.9% of the electorate voted ‘Yes’ in the 1979 referendum and the devolution arrangements were effectively scuppered. In contrast, there is also undoubtedly a strong awareness of the common bond between Northern England and Scotland. This is not just a product of geography, including the daily cross-border flows of people for work, shopping or family visits, but also reflects shared experiences of economic and industrial change and what some have seen as a common commitment to economic and social justice. There is also a strong shared sense of being on the periphery: a long way from the centre of economic and political power in London.

A more recent factor shaping the North of England’s response is the increasingly stark contrast between a powerful Scotland and the situation in the former English Regions. In

the latter, the post-2010 abolition of the Regional Development Agencies and Government Offices has arguably undermined the capacity for regional voice and reduced the resources and strategic cohesion needed to plan for regional economic growth. While the perceived imbalance between the North of England and Scotland is nothing new, the Barnett Formula has been the cause of a long-standing grievance in northern England, post-2010 developments have clearly served to intensify the North's feelings of being 'hard done to'.

There is no doubt that the growing intensity of the debate in the North East and Cumbria has been precipitated by what some south of the border view as the recent charm offensive from Holyrood. This includes the First Minister's fraternal reference to *'our close friends across the border'*, and his highlighting of how Scotland's relationship with the North of England is the best exemplar of how *'independence'* would also mean *'inter-dependence'* with the rest of the UK. Indeed, there are clear signs that the Scottish Government's recent attempts to directly engage the North East and Cumbria in the independence debate has, on one level, served to reopen old wounds and allowed traditional grievances to be aired.

However, it would be an over-simplification to suggest that this is the only response. The economic implications of Scottish independence remain highly contested and shrouded in uncertainty in the North East and Cumbria. While some feel that a resurgent Scotland poses a considerable threat to economic development south of the border, others are genuinely interested in reappraising the cross-border relationship, examining areas of mutual benefit and considering partnership opportunities *whatever the exact outcome of September's referendum*. Thus, the clearing away of the English regional institutions after 2010 - and the need to consider the impact of a more powerful Scotland after 2014 - has encouraged the North East and Cumbria to consider anew, approaches to cross-border collaboration that may not have been necessary (or even possible) under the old economic geographies and institutional structures.

This essay will characterise four views that underpin the main responses to the possibility of Scottish Independence in the North East and Cumbria: *Anxiety; Envy; Regret; and Hope*. Such a typology doesn't neatly map on, or simply correspond to, the attitudes of individuals and organisations, nor does it allow for the precise classification of distinct stakeholder

groups (such as business) as either 'For' or 'Against' independence. However, these views do shape the different narratives within which the North's relationship with Scotland issue has been framed and understood. In particular, they reflect both the complex historical relationship between the North of England and Scotland, and how the recent inviting overtures from north of the border have served to provoke a variety of stakeholders in the North East and Cumbria into making their views on the subject more widely known.

Anxiety

The deeply-rooted narrative - that a more powerful Scotland will seriously undermine economic fortunes south of the border - remains as a common thread running through many political and business responses to the debate on Scottish Independence in the North of England. There are particular worries in three areas:

- The commitment of an independent Scotland to reduce the rate of Corporation Tax - by up to three percentage points - would ensure that they further enhance their competitive advantage with regard to inward investment, to the detriment of jobs and economic growth in North East and Cumbria.
- There is also a good deal of anxiety about the implications, for Newcastle Airport in particular, of an independent Scottish Government committing itself to an immediate 50% reduction in Air Passenger Duty (and also to the aspiration to abolish APD when public finances allow).
- There are also fears over the potential problems for cross-border businesses of an independent Scotland not being permitted to join a currency union with the rest of the UK. One managing director of a Cumbria-based firm with employees in both England and Scotland (BSW Timber), told BBC Look North (in February 2014) of his concerns that his business would suffer from any variation in exchange rates and from the potential administrative costs of dealing with two different currencies.

Some of these concerns may be overplayed. In practice, the room for manoeuvre for an independent Scotland to cut taxes will be limited by the scale of the recession, EU regulations on state spending, and the level of spending required to support the extensive welfare state in Scotland.

However, for a range of stakeholders in Northern England such attitudes are rooted in genuine anxieties and as such, are hard to dismiss. They are also reinforced by the feeling that the North East and Cumbria are in an uncomfortable position, caught between an

increasingly confident neighbour north of the border - poised to secure greater power and influence - and a prosperous and powerful London and South East region.

Envy

Looking, somewhat enviously, towards Scotland is nothing new for a North of England that has long been exercised by the additional resources flowing from the Barnett Formula, and by the additional powers enjoyed by the Scots under the post-1997 devolution arrangements. Indeed, for local politicians and much of the local media in northern England, Scotland is viewed as *already* having powerful political and economic development organisations, the capacity to speak with a single voice, and possesses far superior resources: one study commissioned by BBC Look North in 2012, suggested that Scotland spent 76% more per head of population on economic development than the North East.

The growing asymmetry between the now 'RDA-light' English regions, and an even more powerful Scotland following the September 2014 referendum, has served to intensify the resentment felt in Northern England. Some are convinced that the UK government will now 'bend over backwards' to reward Scotland, so they can highlight to voters the benefits of Scotland remaining in the union. Thus, the UK government's decision to minimise the impact of cuts in EU Structural Funds in the Devolved Administrations, (as compared to England) led one Northern politician to argue that his region would

'...lose up to £100m of the £300m it had expected to receive as the government wished to persuade the people of Scotland that they should vote to stay in the United Kingdom. People in the North East will be justifiably angry that this is going on. (Stephen Hughes, MEP, quoted in The Northern Echo: 30/3/2013)

Such concerns over the growing inequalities of power and influence have also been reflected in calls for greater powers for the North East and Cumbria. There are still some Labour MPs in the North East wishing to reinstate the RDAs, and a few calls (albeit in the letters pages of local newspapers) for another try at creating elected regional assemblies or even for the border town of Berwick Upon Tweed to be returned to Scotland. More realistic proposals however, include strengthening Local Enterprise Partnerships, applying for City Deals which give English cities and city-regions greater powers, and bidding to set up Combined Authorities which allows individual councils to share decision-making over areas

such as skills, transport and economic investment. In the case of the latter, the seven councils in the 'North' of the North East have recently been awarded such status. However, on a wider basis, there is no evidence that the increasingly-active Campaign for an English Parliament has gained any foothold in a part of England that has always been uncomfortable with ideas of 'Englishness'.

Regret

A less critical, and more sorrowful tone over the potential departure of Scotland from the United Kingdom, is also now emerging south of the border. In response to the First Minister's description of the North East of England as, 'our closest friends', one North East MP's retort was, *'Call me old-fashioned, but I would not close the door on my closest friends by asking for independence from the rest of the UK'* (Phil Wilson, MP speaking in a Westminster Hall Debate on 4/3/2014). While in the same Parliamentary debate, another Labour MP (for a Scottish Constituency) looked back to the 1980s, an era when

'Scotland and the north-east stood together against the poll tax and pit closures. People recognised then, as we do now, that any political change that we hope for can be reached only through the unity of shared identity and interests. That common bond would simply not be achievable if Scotland and the north-east were in separate countries' (Gordon Banks, MP, 2014).

Sadness at how independence might fracture the common bond between the North and Scotland was also captured by one North East MP when referring to himself as, *'a Brit, mongrel Englishman and lover of Scotland'* (Guy Opperman MP, quoted in The Journal: 14/2/2014). A fellow Conservative, Cumbrian MP Rory Stewart has argued (in a heartfelt yet geographically suspect) that, *'...in the end what matters is not the (Hadrian's) wall that divides us but the human ties that bind in the name of love'*. Mr. Stewart then went on to admit that he would also miss Scotland for its *'egalitarianism, intellectual seriousness, sense of realism, and sense of humour'* (quoted in Scottish Television Report: 6/2/2014). To show that people south of the border wish to keep the Union, Stewart called on the people of the North of England to 'hug' Scotland into staying in the UK at a 'Hands across the Border' event this July, where he hopes that up to 100,000 people will come together to provide a torch-lit human chain across Hadrian's wall. While the idea has been treated in a light

hearted way by the national tabloids and with scorn by the SNP, it does capture the distinctive emotional and human dimension of the bond between Scotland and the 'North of the North of England'.

Hope

Although more critical narratives on Scottish influence and power still hold considerable sway in the North East and Cumbria, a more positive, more hopeful attitude to greater Scottish autonomy is also emerging which stresses the opportunities for greater cross-border collaboration. Indeed, both areas have learnt from Scottish experiences in the past and have responded positively to earlier initiatives from North of the border. In the 1980s and 1990s, the campaign for a Scottish assembly positively influenced the development of the campaign to set up a directly-elected assembly for the North East. In the early 2000's, the Border Visions initiative briefly attempted to bring together local councils on both sides of the border to discuss common issues and challenges. While today, there are a variety of regular cross border discussions on issues such as Transport: covering topics such as High Speed Rail, the award of new Rail Franchises, the new Borders Railway development and improving cross-border motorways.

Building on this history of collaboration, the Association of North East Councils (ANEC), with the support of Cumbria County Council, commissioned a report (launched in August 2013) entitled, *Borderlands: can the North East and Cumbria benefit from greater Scottish autonomy?*¹ Drawing upon the views of a wide range of stakeholders on both sides of the border, the report captured how the combination of the debate on Scottish independence, and the continuing search for a post-regional future for sub-national governance in the North East and Cumbria, has produced a genuine willingness to consider new, creative, cross-border approaches. The report emphasised the largely pragmatic view that while no one south of the border underestimated the robust nature of the competition provided by a resurgent Scotland, the prospect of further autonomy for Scotland also provides opportunities to work more collaboratively together in areas where there is mutual benefit. As one Northern business representative acknowledged

'There are concerns over the way Scotland might use greater powers. Lower corporation tax is one possibility, while reduced air passenger duty could have an impact on our international flights. But as Borderlands pointed out, there are at least as many opportunities as threats that come from being on Scotland's doorstep. We are each other's nearest market and have much more to gain from improving trade across the border than from a scramble for marginal competitive advantage' (Ross Smith, North East Chamber of Commerce, quoted in the Northern Echo: 29/8/2013).

The report also argued that while the Scottish Government would be particularly receptive to new approaches in the period leading up to the independence referendum, developing new collaborations of value to both sides would not actually be dependent on a Yes Vote in September 2014. Crucially, highlighting that practical collaboration makes sense regardless of the exact outcome of the referendum also has the advantage of preventing Labour council leaders in the North of England becoming directly embroiled in the politics of a referenda campaign which has profound implications for the future fortunes of their party on both sides of the border. The Borderlands report also made a number of recommendations on how (and where) cross-border collaboration could be promoted. They included proposals for: joint approaches to economic development based on both *sector* and *place*; opportunities for policy coordination; and for strengthening a 'Northern' voice (Figure 1).

Figure 1: Borderlands Report: Key Recommendations

Commission a detailed analysis of the cross-border linkages, covering: travel to work, shop, and leisure flows, labour markets, migration, inward investment and sectoral linkages, including supply chains.

Convene an Annual Economic Summit between key public and private stakeholders from Scotland, the North East and Cumbria (including the Scottish Government) to identify the scope for common responses to a range of macro-economic issues.

Facilitate sector-based working groups covering areas of the economy that have strong cross-border interests, such as transport, tourism, superfast broadband, renewables, oil and gas, skills, and infrastructure (e.g. port and airport facilities)

Develop a 'Borderlands' Partnership that identifies common economic challenges and opportunities across the five local authorities on either side of the border (Northumberland, Cumbria, Carlisle, Dumfries and Galloway and Scottish Borders).

The Scottish Government was quick to respond to the positive nature of the report, and particularly highlighted their support for the recommendation to set up a Borderlands Partnership:

'We are keen that the Scottish Government builds on the Borderlands report and does all it can to help the councils around the Borders look at new ideas for co-operation....we want to work with local authorities and their partners to help them meet the needs of their communities, improve business, transport and tourism and make their local areas better places to live' (Derek MacKay, MSP, Scottish Local Government Minister: quoted in Scottish Government Press release: 21/8/2013).

This place-based approach to collaboration was also positively received by councils on both sides of the Border, with initial discussions already having taken place between the five local authorities, ANEC, and the Scottish Government (Carlisle Star and News: 6/1/2014), and more in-depth discussion for Council Leaders and Senior Officials planned for Easter 2014. While there are still a number of challenges facing the Borderlands initiative, not least the cross-border asymmetries in institutional arrangements, divergences in planning systems and an inevitable backdrop of cross-border economic competition in some sectors, there is also evidence of a genuine political commitment to viewing the border less as a barrier, and more as an enabling mechanism which brings new opportunities for collaborative working.

Conclusion

The increasingly contested nature of the debate on Scottish independence, and the continuing uncertainty over the outcome and implications of the referendum, have reinforced a traditional narrative in the North of England that fears a more powerful Scotland. In one sense, the recent Holyrood 'mood music' particularly directed at the North of England has tended to lead to a hardening of the attitudes of those initially opposed to independence (particularly in the business community and amongst Labour MPs). In another sense, such a focus on our 'Friends in the North' at least has had the effect of ensuring that there are now far fewer (if any) key stakeholders unconcerned or ill-informed about the implications of events north of the border.

However, there is still a clear sense of the common bond that exists between the North East and Cumbria and Scotland: a recognition that the identity of the two areas south of the border have been profoundly shaped by their proximity to Scotland. Different conclusions have been drawn from this sense of being close ‘neighbours’ or ‘cousins’. For some, independence will fracture this close relationship, while for others the possibility of an independent Scotland should be used to gain leverage when arguing for devolving greater power within England itself. There are also signs that a more hopeful view is emerging: one that has used the deliberative opportunities created by the referendum campaign to highlight how greater cross-border collaboration could be taken forward irrespective of the exact outcomes of the September 18th vote.

Despite the varied responses south of the border, perhaps what all of them have in common is a commitment to strengthening the capacity of both the North East and Cumbria to shape the decisions that affect their economic and social future: an objective badly served both by the increasing political centralisation within England and an ever-growing North-South divide. This at least provides the basis for negotiations and collaboration between Scotland and the North East and Cumbria, perhaps under the guise of what the First Minister recently described as ‘Northern Lights’:

‘...the growth of a strong economic power in the north of these islands would benefit everyone – our closest neighbours in the north of England more than anyone. There would be a “northern light” to redress the influence of the “dark star” (London) in rebalancing the economic centre of gravity of these islands (Alex Salmond, MSP, New Statesman Lecture: 4/32014).

Footnote

¹ Shaw, K., Blackie, J., Robinson, F., & Henderson, G. (2013) *Borderlands: can the North east and Cumbria benefit from greater Scottish autonomy*. Report commissioned by the Association of North East Councils: Newcastle: <http://www.northeastcouncils.gov.uk/curo/downloaddoc.asp?id=589>. The author would like to thank Jonathan Blackie, Fred Robinson and Graeme Henderson who worked on the original Borderlands project, the Association of North East Councils who funded the research, and the North East Institute for Local Governance who managed and supported the research programme. The views expressed in this article are those of the author.