Mark Carney’s lunchtime speech sparks more Indy comment

The Governor of the Bank of England had breakfast with First Minister and lunch with business leaders today in Edinburgh. His comments on what might happen post-independence to the pound sterling have had many political commentators tweeting whether they are for or against independence.

The Governor’s position is not a political one however, and it is unclear, except perhaps from his body language whether he is pro or anti independence.

Responding to his comments on the Scottish Government’s proposed post-independence currency union, Scottish Greens continue to make the case for long-term preparations for an independent Scottish currency.

Governor Mark Carney says post-Yes negotiations “would need to consider carefully what the economics of currency unions suggest are the necessary foundations for a durable union”.

Support for a Scottish currency has come from former SNP leader Jim Sillars, former Labour MP Dennis Canavan, and the idea has been strongly suggested by leading economists such as Joseph Stiglitz and John Kay.

Patrick Harvie, Green MSP for Glasgow and Co-convener of the Scottish Greens, said:

“Mr Carney is right to highlight the need for careful consideration. There is no doubt that the hostile rhetoric of the UK government and anti-independence politicians will give way to pragmatic co-operation in the event of a Yes vote.

“I recognise that the SNP’s preference is for continued use of Sterling but given the likelihood of the Scottish and UK economies diverging we should stand ready to exert full economic independence using our own currency.

“Such a shift may not be immediate but the Scottish Government would do well to start preparing for that scenario.”

According to the Better Together campaign, John Swinney has responded to Mark Carney’s speech, which clearly argued that currency unions require fiscal union, by claiming that Scotland “will control 100% of our own revenues”.

Alistair Darling said:-“The central message of the Governors speech, which is so devastating for the nationalists plans, is that currency union requires fiscal and political union to avoid financial crisis. It is precisely that fiscal and political union that the SNP seek to dismantle.”

“For John Swinney to respond to Mark Carney’s speech by claiming Scotland would have 100% fiscal independence within a currency union shows that he has completely ignored the central warning of the Governor’s analysis.”

Welcoming Mark Carney’s speech in Edinburgh today on currency union, Finance Secretary John Swinney said:

“We welcome the Governor’s confirmation that the independent Bank of England will implement whatever monetary arrangements are put in place by the two Governments. As he made clear, he was not making the case for or against Scotland’s independence, which is for the people of Scotland to decide, or for or against a currency union, which will be a matter for agreement between the Scottish and UK Governments.

“The benefits of a currency union are clear for both sides in terms of issues like promoting investment, eliminating transaction costs, reducing borrowing costs and facilitating the movement of labour and capital, and we welcome the

Governor’s recognition of these benefits.

“Mr Carney provides a serious and sensible analysis of how a currency union can work in practice, and every one of the points he cites in terms of the technical requirements have been examined in detail by the Fiscal Commission, headed by two Nobel laureates. We welcome the Bank’s commitment to further technical discussions with Scottish Government officials which will refine the work already undertaken, including the Fiscal Commission’s publication of their report on a macroeconomic framework for an independent Scotland, which encompasses proposals for a shared Sterling area.

“Ultimately, as Mr Carney makes clear, a Sterling area is a matter for the two Governments to agree. Such a shared currency area is the common sense position as it is in the overwhelming economic interests of both Scotland and the rest of the UK.

“An independent Scotland will control 100 per cent of our own revenues, compared to the seven per cent of our tax base we are currently responsible for under devolution. A shared currency will mean an independent Scotland having control of tax policy, employment policy, social security policy, oil and gas revenues, immigration policy and a range of other levers to suit our own circumstances, helping to grow our economy, create jobs and secure a more prosperous and fairer society.”