

The David Hume Institute

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NEWS RELEASE

Embargoed until 00.01 on Monday 19th November 2012

Autumn Seminar Series 2012

Monday 19 November 2012 6pm

Venue: The Royal Society of Edinburgh

‘Macro-Economic Policies and Constitutional Change’

Sponsored by ESRC (Economic and Social Research Council)

Speaker: Hamish McRae

Principal Economic Commentator of the Independent

Panel:

Cesar Colino (Universidad Nacional de Educación a Distancia - UNED);

Paul Johnson (Director Institute for Fiscal Studies);

Owen Kelly (Chief Executive Scottish Financial Enterprise);

Gavin McCrone (former Chief Economic Adviser Scottish Office);

Brian Quinn (ex-Bank of England)

Chair: Jeremy Peat

This is the DHI seminar for the first of four ‘conversations’ on topics related to constitutional change in Scotland. The whole series is being organised with Prof Charlie Jeffery of Edinburgh University and kindly supported by the Economic and Social Research Council. The full set of conversations will be held over the period of autumn 2012 and spring 2013.

The first topic relates to macro-economic policy issues, including ‘what currency’, fiscal and monetary policy under different regimes and the complex world of financial sector oversight and regulation. These issues were discussed at an earlier round-table. Papers have been prepared by Dr Gavin McCrone (formerly Chief Economic Adviser to the Scottish Office), Paul Johnson (Director of the Institute for Fiscal Studies), Owen Kelly (Chief Executive of Scottish Financial Enterprise, Brian Quinn (formerly acting Deputy Governor of the Bank of England) and Prof Cesar Colino from UNED, examining relevant Spanish experience. These papers are attached, but note the *embargo until 00.01 on Monday 19th November*. The paper to be delivered by Paul Johnson, Director of the IFS, is being press released separately and is available under embargo. For copies of the IFS press release and IFS Briefing Note, please contact Bonnie Brimstone at bonnie_b@ifs.org.uk or on 07730 667013.

Hamish McRae, Business Editor of the Independent, will kick the seminar off by setting out and examining the key issues arising from the full set of papers. Then each of the authors will identify the major points from their perspective. This will be followed by an extended panel discussion and Q&A session, facilitated by DHI Director Jeremy Peat.

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Jeremy Peat said that ‘The papers essentially speak for themselves; this is an excellent set of informed commentaries on issues related to possible constitutional change in Scotland. Each of the papers merits close attention and there is no easy way to summarise the wide-ranging and complex issues covered. I hope and expect that discussion at Monday’s seminar will further inform debate and also open up more areas for evidence-based examination. Providing appropriate input into this debate is the key objective of our overall work with Professor Charlie Jeffery at the University of Edinburgh and we are very grateful to the Economic and Social Research Council for supporting our endeavours.’

Hamish McRae commented that: - “Scotland has a fascinating hand of cards to play, a hand most nations would love to have. The issue is how skilfully it might play that hand as an independent – or at least more independent – nation.”

While **Gavin McCrone** emphasised that: "The forthcoming referendum will face the Scottish people with the most important decision most of them will take in their lifetime. Once taken there will be no going back on the decision, if it results in unexpected consequences. The purpose of these essays is to set out the economic issues as clearly and objectively as possible so that the implications of the referendum decision can be understood, whether the result is in favour of independence or to remain a part of the United Kingdom".

Brian Quinn noted that: - "My paper aims to identify and explain some of the issues in the economic and financial areas which are crucial to the decision which the Scottish public will make in 2014 on independence. It does not set out to take a position on these issues, but to inform the debate on what are key matters in that decision, and to spell out their implications. In particular, it seeks to point out that choosing which currency, which Central Bank, which supervisory authority, which lender of last resort Scotland wishes to have are not separate decisions, but that choosing any one of these options effectively places real limits on the others. They are interconnected in ways that have not been explored so far."

Paul Johnson said:

"Our paper looks at the likely short run fiscal situation in Scotland. Like the UK and many other countries an independent Scotland would face some serious choices to balance the fiscal arithmetic and, dependent on how the national debt is split up, to deal with a large outstanding debt. In the short run the significantly higher public spending per head in Scotland than in the rest of the UK might be broadly offset by North Sea oil revenues if these revenues are assigned on a geographic basis. But in the longer run, as and when oil revenues decline, a more significant fiscal adjustment will be required in Scotland than in the rest of the UK."

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Speaker:

Hamish McRae is principal economic commentator of The Independent and The Independent on Sunday, and a columnist in the London Evening Standard. He is author of a number of books including The World in 2020. His latest book, What Works, was long-listed for the Goldman Sachs/Financial Times business book of the year in 2010. He has won numerous awards for journalism, including the David Watt Prize and Business Journalist of the Year in the British Press Awards.

Panel:

Paul Johnson has been director of the Institute for Fiscal Studies since January 2011. He has worked on the economics of public policy throughout his career. As well as a previous spell at the IFS in the 1990s (including a period as deputy director) Paul has been chief economist at the Department for Education and director of public spending in HM Treasury, where he had particular responsibility for environment (including climate change), transport and public sector pay and pensions. Other positions include a period as head of economics at the FSA and as a senior associate with Frontier Economics.

Between 2004 and 2007 Paul was deputy head of the Government Economic Service. He has served on the council of the Economic and Social Research Council and was a founder council member of the Pensions Policy Institute. In 2010 he led a review of the policy of auto-enrolment into pensions for the new government. He has been a member of a number of advisory boards and commissions including the Pension Provision Group, the Commission on taxation and citizenship, the Youth Justice Commission and the Commission on Living Standards. He is currently an editor of the Mirrlees Review of tax economics and policy.

Paul has published and broadcast extensively on numerous issues in the economics of public policy including tax, welfare, pensions, education, climate change and public finances.

Owen Kelly was appointed as Chief Executive of Scottish Financial Enterprise (SFE) in January 2008. SFE is a broadly-based representative organization, funded by its members. Its purpose is to promote the Scottish financial services industry and Scotland as an international financial centre. SFE's membership is diverse and it includes some of the world's largest banks, insurers and asset managers, as well as companies providing specialist support services, universities and government agencies.

SFE represents the industry to governments and regulators in Scotland, London and Brussels. It has worked extensively in China and other Asian markets, promoting in particular Scotland's internationally recognized strengths in asset management and servicing, life assurance and pensions.

Before joining SFE in January 2008, Owen worked for 20 years as a government official, in UK and Scottish Governments. His key policy specialisms in government were EU and international relations; and communications. He spent 2 years in Tokyo in the 1990s, promoting Scotland as an investment location. Owen joined the government service in 1988, shortly after graduating from Edinburgh University with an honours degree in Mandarin Chinese. He studied for one year at Shandong University in 1983/84.

He speaks, reads and writes Mandarin Chinese but has forgotten most of his Japanese. He is married with 3 children. His interests include reading and walking his dog in the Scottish countryside.

Gavin McCrone is a graduate of Cambridge and started his career as a lecturer in economics at Glasgow University (1960-65) and was for five years a Fellow of Brasenose College, Oxford, before joining the Civil Service in 1970. He was successively head of two Scottish Government Departments, the Industry Department for Scotland from 1980 to 1987 and the Scottish Development Department from 1987 to 1992, combining these positions with being Chief Economic Adviser to successive Secretaries of State for Scotland. In 1992 he returned to his former academic career first with a two year research professorship at Glasgow University funded by the Joseph Rowntree Foundation and then at Edinburgh. Since his return to academic work, he has published books and papers on various aspects of economic policy, including a book sponsored by the Rowntree Foundation on *Housing Policy in Britain and Europe*, and a study undertaken for the Bank of Scotland on *European Monetary Union and Regional Development*.

He was Chairman of the Inquiry into the Professional Conditions of Service for Teachers in Scotland in 2000 and a member of the National Review of Resource Allocation for the National Health Service in Scotland (1998-2000). He was a member of the Parliamentary Boundary Commission for Scotland (1999-2006). He is a former Vice President and General Secretary of the Royal Society of Edinburgh and most recently chaired the RSE's Inquiry into the Future for Scotland's Hills and Islands.

He was awarded the CB and elected a Fellow of the Royal Society of Edinburgh in 1982, awarded an Honorary LLD from Glasgow University in 1986 and Honorary Fellowship of the Royal Scottish Geographical Society in 1993.

Brian Quinn was educated at Glasgow, Manchester and Cornell Universities with degrees in Economics. Quinn joined the International Monetary Fund in 1964, working in Washington and Sierra Leone. He returned to the UK in 1970 as an economist with the Bank of England, working in the monetary operations and press relations areas, before becoming Head of Banking Supervision in 1982. In 1988 he became Executive Director with responsibility for Banking Supervision and, subsequently, for Supervision and Surveillance. He acted as Deputy Governor during 1995, retiring from the Bank in 1996. He was Chairman of Nomura Bank International (1996-1999); Non-Executive Director of Bankgesellschaft Berlin Europe (1996-2000), Sumitomo- Mitsui Bank Europe (2000) and Genworth Financial Mortgage Insurance Europe (2006-2012)

Continuing with his financial supervisory activities, he was Non-Executive Director of the Toronto Centre (2008-2010) and of the Qatar Financial Centre Regulatory Authority (2006-2011). He formed his own consulting company, Brian Quinn Consulting in 1996 and advised a number of central banks and supervisory authorities in Latin America, Asia and Europe. Several of these assignments were carried out in conjunction with McKinsey and the World Bank. In 1996 he joined Celtic plc as a Non-Executive Director and became Chairman in 2000, retiring in 2007. Currently he is a member of the UEFA Club Financial Control Body which implements the Financial Fair Play regulations governing football clubs participating in European competitions.

Since 2006 he has been Honorary Professor of Economics and Finance at Glasgow University, where he is also a member of the Strategic Advisory Board of the University Business School. He was appointed CBE in 2007 and is a Fellow of the Chartered Institute of Bankers in Scotland.

Registration is available at the David Hume Institute website at www.davidhumeinstitute.com

Notes to Editors:

The views expressed by the speaker/panel members are their own and do not commit the ¹Trustees or Officers of the Institute in any way.

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