

## Jubilee Scotland and the independence referendum

By campaigning for debt justice, Jubilee Scotland is calling for a Scotland which is not implicated in unjust or unpayable debts - either by receiving payments for old debts, or creating new debts through irresponsible lending. This vision is achievable both by Scotland remaining a part of the United Kingdom, and by Scotland becoming an independent nation.

Given the debates surrounding Scotland's constitutional future in the lead up to the independence referendum in September 2014, we have attempted to set out below how Scotland could achieve debt justice both as part of the United Kingdom, and as a newly created sovereign state. There is a great deal of uncertainty surrounding Scotland's future particularly regarding which, if any, further powers may be given to Scotland should it chose to remain part of the UK. The principles of debt justice, however, remain certain, and will continue to guide Jubilee Scotland's campaigning.

### Scotland as part of the United Kingdom

- *Scotland will push for debt cancellation:*
  - Scotland will put pressure on the UK Government to audit all debts owed to UKEF. If and when an audit takes place, there will be a moratorium on receiving debt payments.
  - The audit will follow example of the creditor debt audit framework developed by the Norwegian Government and recommendations of the Norwegian Coalition for Debt Cancellation (SLUG)'s report '*Exportable? How To Make The Norwegian Debt Audit Transferable To Other Countries*'. This would include:
    - An independent evaluation of the debts owed to the UK, commissioned by the UK Government;
    - A focus on all bilateral debts originating from UK Export Finance (formerly the Export Credit Guarantee Agency);
    - A study of debts owed (using desk and field research), debts being assessed on the basis of the UNCTAD Principles on Promoting Responsible Sovereign Lending and Borrowing, the OECD's guidelines for sustainable lending and borrowing, and the OECD's common approaches.
  - All debts found to unjust, illegitimate, and/or unpayable will be cancelled.
- *Scotland will call for an end to the creation of new unjust and unpayable debts*
  - Scotland will put pressure on Westminster to redesign UK Export Finance following the guidelines as laid out by Clean Up Britain's Exports (CUBE) manifesto, including:
    - a prohibitions list of activities which will not be supported because they are not conducive to sustainable development;
    - transparent management and monitoring systems; and
    - a duty of care clause to ensure all human rights and environmental impacts are assessed.
  - Or
  - If the constitutional settlement following the referendum on Scottish independence includes handing over power to the Scottish Government to create its own export credit agency for Scottish companies within the existing structure of Scottish Development International, this agency will be created following the same principles.

- This newly created export credit agency would set the standard for such agencies globally.
- *Scotland will work to create fair and transparent debt workout mechanisms*
  - The Scottish Government to develop and support Scotland as a seat of sovereign debt arbitration with reference to Jubilee Scotland's Sovereign Debt Arbitration Rules, designed to be applied within the framework of the Arbitration (Scotland) Act 2010.
  - Both the Scottish and UK Governments to promote Scotland internationally as a seat of sovereign debt arbitration.
  - Developments in Scotland to be a key component in the European wide Defuse the Debt Crisis campaign looking to create and support new debt workout mechanisms.
- *Scotland will be key in the fight for debt justice*
  - Strong statements of support for debt justice from Scottish decision makers and civil society will contribute to UK-wide campaigns for debt justice.
  - Debt and trade will be a key component of the international development movement in Scotland.

### **Scotland as an independent nation**

- *Scotland will hold no unjust or unpayable debts:*
  - Upon inheriting a people's share of the current debts owed to the UK, the Scottish Government will support and facilitate a full audit on these debts. Whilst this takes place, there will be a moratorium on receiving debt payments.
  - The audit will follow example of the creditor debt audit framework developed by the Norwegian Government and recommendations of the Norwegian Coalition for Debt Cancellation (SLUG)'s report '*Exportable? How To Make The Norwegian Debt Audit Transferable To Other Countries*'. This would include:
    - An independent evaluation of the debts owed to Scotland, commissioned by the Scottish Government;
    - A focus on all bilateral debts originating from UK Export Finance (formerly the Export Credit Guarantee Agency);
    - A study of debts owed (using desk and field research), debts being assessed on the basis of the UNCTAD Principles on Promoting Responsible Sovereign Lending and Borrowing, the OECD's guidelines for sustainable lending and borrowing, and the OECD's common approaches.
  - All debts found to be unjust, illegitimate, and/or unpayable will be cancelled.
  - Scotland will put pressure on the RUK Government to audit all debts owed to UKEF as part of this process.
- *Scotland will call for an end to the creation of new unjust and unpayable debts*
  - The Scottish Government will create its own export credit agency within the existing structure of Scottish Development International.
  - The export credit agency will be creating following the guidelines as laid out by Clean Up Britain's Exports (CUBE) manifesto, including:
    - a prohibitions list of activities which will not be supported because they are not conducive to sustainable development;

- transparent management and monitoring systems; and
  - a duty of care clause to ensure all human rights and environmental impacts are assessed.
  - Scotland's policies on trade and development will use the UNCTAD Principles as a guide to ensure responsible sovereign lending and borrowing.
  - This newly created export credit agency would set the standard for such agencies globally.
- *Scotland will work to create fair and transparent debt workout mechanisms*
- The Scottish Government will promote Scotland as a seat of sovereign debt arbitration with reference to Jubilee Scotland's Sovereign Debt Arbitration Rules, designed to be applied within the framework of the Arbitration (Scotland) Act 2010.
- *Scotland will be key in the fight for debt justice*
- The Scottish Government to promote debt justice on the international stage:
    - Building on the work taking place in Norway and a number of other European countries, set precedents through conducting debt audits, cancelling debts on the basis of illegitimacy, and creating new structures for responsible lending.
    - Use its influence in intergovernmental and supranational bodies to make debt justice a priority for all countries.
    - Enter a group of progressive governments supporting new debt workout mechanisms and work with them to draw increasing attention to issues of debt justice.