

The Scottish Referendum: What would Paul say?

Who remembers Paul the Octopus from the 2010 World Cup in South Africa?

He shot to fame for his uncanny ability to pick the winners of matches throughout the tournament, including the final itself between Spain and the Netherlands. Remarkably, when presented with a choice of two boxes containing identical food but with the flags of the two competing nations, he correctly "predicted" the outcome of 11 of 13 matches. With the gap between the Scottish Yes and No vote narrowing, we wonder which way Paul would have voted ahead of the referendum on 19th September?

If we look at the results across 65 polling agencies since early 2012, the unionists have it over the nationalists but the gap varies widely. Recent polls vary from a lead of 25% with 32% voting Yes, 57% voting No (according to Ipsos MORI/STV Feb 2014). This compares to a narrow 3% lead with 39% voting Yes and 42% voting No (according to ICM/Scotsman on Sunday April 2014). Furthermore, the lead, across all polls has been falling since early 2013. How much closer could it be in 3 months time?

Clearly, it's close enough that some well known Scotland based institutions, such as Edinburgh-based

Standard Life, have felt the need to declare that they would relocate their head office in the event of a Yes vote. Vince Cable has said that RBS would inevitably have to move its headquarters to London. This is important because Edinburgh is not just the second largest financial centre in the UK, it is the sixth largest in investment management in Europe. The Scottish fund management industry employs 4,000 staff and manages at least £520 billion accounting for about a quarter of all funds under management in the UK.

But would Paul have made his decision on these stats alone? What other factors will influence voters? Well, if the British Government is to be believed, what's really needed here is a web-based campaign suggesting that staying part of the Union would see Scots better off to the tune of £1,400 a year. In case people don't really grasp how much money this is, the campaign suggested that you could;

Whilst these ill judged suggestions may fall well short of the intellectual rigour we might have expected from our Government, it's all good knockabout stuff and adds to a colourful debate. But there are important issues for all British citizens that resonate well beyond the financial industry.

However, our job at TAM is to concentrate on investments. The current polling is sufficiently close that it demands our attention to decide how to position portfolios today.

The Paul Factor

We strongly believe the vote will be a resounding "no" and that the silent majority may significantly outweigh the vocal minority when "push comes to shove". If we are right then that will bury the referendum debate for a generation or more and avoid a 4-yearly cycle of Yes/No or "Neverendum" as it has became known in Canada over the question of Quebec independence.

Still, it would have been nice know what Paul thought. Would he have liked mushy peas with his fish and chips? Sadly, we'll never know. He died in 2010…..

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