COMPENDIUM #26

WHY WALES COULD AFFORD INDEPENDENCE

Trevor Swistchew — Compendium #26

> *A Forensic Deconstruction of the Westminster Subsidy Narrative, Historical Resource Extraction, and Sovereign Viability.*

Wales did not enter a Union with England as an equal nation. It was taken, absorbed, and legally erased. The story begins in 1284, when the Statute of Rhuddlan was imposed after the killing of Llywelyn ap Gruffudd, the last native Prince of Wales. That statute annexed the Principality to the English Crown, stripping Wales of political autonomy but leaving fragments of Welsh law intact. Those fragments survived until the Tudor period when Henry VIII and his chief minister Thomas Cromwell decided that Wales should no longer exist as a distinct legal entity. The Laws in Wales Acts of 1535 and 1542, passed by the Parliament of England, abolished Welsh law, dissolved the marcher lordships, imposed English common law, made English the sole language of the courts, and created the single jurisdiction of "England and Wales". Rowland Lee, President of the Council of Wales and the Marches, enforced the Acts with ruthless efficiency. There was no Welsh parliament to negotiate terms, no treaty between nations, no consent. Wales was not invited into a Union; it was absorbed into England by statute.

From that moment Wales became an English resource zone. Its land, minerals, water, and labour were reorganised to serve English interests. When the Industrial Revolution arrived, Wales became one of the most important energy sources in the world. The coalfields of the Valleys powered English factories, English railways, English ships, and English imperial expansion. Ownership of mines and transport infrastructure was concentrated in English and anglicised hands. Profits flowed to London banks and industrial conglomerates. Welsh communities absorbed the danger, the poverty, the pollution, and the death. The wealth generated by Welsh miners built London's prosperity, not Wales'. This is not rhetoric; it is documented in parliamentary records, industrial archives, and economic histories.

Steel followed the same pattern. Port Talbot, Llanwern, and other Welsh steelworks produced the rails, ships, weapons, and structural steel that underpinned British power. Yet strategic decisions and capital allocation were made outside Wales. Even today, UK Government industrial strategy documents acknowledge that Welsh steel remains essential for defence and infrastructure resilience. Wales supplied the backbone of British industry; it did not control the spine.

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Water became another form of extraction. As English cities expanded, they turned to Wales for supply. The Elan Valley dams were built to serve Birmingham, not Aberystwyth. Reservoirs in Wales were constructed to feed English urban growth. Under the constitutional fiction of "England and Wales", this transfer is treated as internal, not as an export. Wales provides a vital resource to England without the economic recognition an independent state would command.

Energy today shows how the historic pattern continues. According to official UK energy statistics, Wales consistently produces more electricity than it consumes, exporting the surplus to England through the

national grid. The Crown Estate's assessments of offshore wind and marine energy identify Welsh waters as among the richest renewable zones in Europe. Deep-water capacity in the Celtic Sea is ideal for floating wind. Tidal ranges in Wales are globally significant. Hydro potential remains underdeveloped. Yet the revenue from existing generation and grid export is recorded as UK revenue, not Welsh revenue. Seabed rights and leasing profits accrue to the Crown Estate and the UK Treasury. Independence would convert this structural contribution into a direct national income stream.

Agriculture contributes a smaller share of GDP but a crucial share of food security. Wales is a significant producer of livestock, exporting lamb and beef to both UK and overseas markets. Under UK governance, Welsh farming is shaped by trade deals and policy choices that may sacrifice Welsh interests for gains elsewhere. Under independence, Wales would design its own support schemes and trade strategy.

Tourism is a major earner. Millions of visitors generate billions of pounds annually through accommodation, food, attractions, and transport. Those expenditures feed directly into Welsh businesses and, through VAT and other taxes, into public revenue. Sovereign control over tax policy would allow Wales to capture more of this value.

These resource realities matter because they collide directly with the central Westminster assertion: that Wales is "subsidised" and therefore could not afford independence. The claim rests on the way HM Treasury constructs its Country and Regional Analysis. In those accounts, Wales is assigned a population-based share of UK-wide spending on central government functions: Whitehall departments, foreign embassies, nuclear weapons, UK-wide debt interest, the Metropolitan Police, the House of Lords, London transport systems, and major infrastructure projects such as HS2. Once these UK-level costs are apportioned to Wales, the CRA shows a net fiscal transfer from the UK to Wales, which is then presented as proof that Wales "depends" on Westminster funds.

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But this is an artefact of the accounting method, not an immutable economic truth. An independent Wales would not be obliged to replicate the entire scale of UK central government. It would design its own diplomatic service, defence posture, transport system, and institutional architecture at a level appropriate to its population and territory. The current deficit figure therefore reflects the cost of being part of a larger state with expensive global commitments, not an inherent inability of Wales to sustain itself.

The honest figures matter. According to the latest regional GDP data published by the Welsh Government and the Office for National Statistics, Wales' GDP in 2023 was £92.8 billion. Gross value added stood at £81.5 billion. Public sector revenue in 2022–23 was £11,538 per person; public expenditure was £18,426 per person. The resulting fiscal deficit was £21.6 billion. These numbers are real. They show that Wales begins independence with a deficit if it simply replicates UK spending patterns. But deficits are not proof of impossibility; they are a function of policy choices. The critical point is that the present deficit is calculated within a framework where Wales does not control most major taxes, does not receive the full value of its natural resources, and is charged for UK-level expenditures it would not necessarily choose to incur as an independent country.

An independence-focused analysis would strip out UK-level costs, add back resource revenues currently flowing to the UK centre, and consider the dynamic effects of targeted investment. The figures available

today do not allow a complete reconstruction of an independent Welsh budget within this essay, but they provide the essential parameters. Wales already generates the economic output of a small European country. It raises substantial tax revenue. It possesses strategic resources undervalued in current regional accounts. The present deficit is not a verdict on Wales' viability; it is a snapshot of a subordinate fiscal position inside a larger state that controls both sides of the ledger.

The honest conclusion is that Wales has the earning capacity to sustain a state. It produces tens of billions of pounds of output each year. It raises substantial tax revenue. It possesses strategic resources — energy, water, ports, land — that would generate far greater value under sovereign control. Independence would not create Welsh viability; it would reveal it. The question is not whether Wales can avoid all deficits forever; no state can guarantee that. The question is whether Wales has enough earning capacity to sustain a state capable of making its own choices, bearing its own risks, and reaping its own rewards. The official data say yes.

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