

By **The Truth Team**, Our Investigative Journalist Team - courtesy of SLAB (London) plc



**BBC Scotlandshire is committed to providing full and unbiased coverage of the debate about whether to cast Scotlandshire into despair and ruin by splitting us from the glorious British Empire.**

We will provide balance by publishing splittist articles that attempt to portray a vision of a separate Scotlandshire that its proponents call "positive" - a concept we struggle to comprehend.

To avoid accusations of bias, we will avoid adding images which might make the article interesting. Today's offering is one from a group calling themselves "Business for Scotland" - as if such a thing was possible. "Nae Business for Scotlandshire" would be better.

As Grangemouth closes, due to a dispute between Communist workers and Communist China which half owns the site, only pandas can find a resolution. Lacking a native panda, Carmichaelmoore stepped into the breach, and after wiping it off his shoe, said " Em, ....., Ur".

Further ravings from Business for Scotland can be found at <http://www.businessforscotland.co.uk/>.

### Why the No campaign REALLY don't want a Scottish oil fund

Almost every nation that's discovered oil or great mineral wealth has started a sovereign wealth fund and they've all become wealthier societies – except Scotland.

The idea of a sovereign wealth fund is to put some of the wealth being generated to one side, to invest it wisely for the future, to look after future generations and usually to underpin pension schemes and public services especially in the context of economic volatility. It is just common sense and good economic housekeeping.

No economist worth their salt would claim the UK was wise NOT to start an oil fund in the late 1970s', 1980's and even 1990's. As a result of a serious failure to act in a way that was prudent and sensible, rather than Scotland's massive surplus being put aside for pensions and investment it was used to keep successive Westminster governments afloat. Scotland's surplus covered massive deficits run up in London. In effect, Scotland's oil revenues paid for Westminster's de-industrialisation of the UK and still growing dependency on the highly volatile financial markets centred in London.

### Darlings mistake

Indeed several former UK Chancellors have admitted it was a mistake not to have an oil fund, not least Alistair Darling, leader of the No campaign, who recently commented "[if we had our time over again, perhaps we should have \[established a fund\]](#)

". This phrase included only a slight hint of contrition for economic mismanagement.

Dennis Healy, another former Chancellor, said that oil wealth had been [squandered by Westminster rather than invested](#)

, while being underplayed by the UK government to [subdue calls for Scottish independence](#)

. You could fill a whole article with the views of economists and unionist supporters who will agree that the UK wasted Scotland's oil billions. Here is a typical article from

[Larry Elliot at The Guardian](#)

: "An entire era can be summed up in three words: discovered, extracted, squandered."

The industry body "UK Oil and Gas" (bizarrely headquartered in London) has predicted strong economic contribution from the North Sea well into the century. According to industry experts, [16-24 billion barrels of oil remain in the North Sea](#)

. This has a wholesale value of £1.5 trillion. Even the UK government expects oil production to continue

["well beyond 2055"](#)

, and notes that demand for oil is expected to increase by [28%](#)

. (pg. 24) The oil companies themselves are investing £100bn in 133 new wells, the single largest tranche of investment ever in the North Sea, which amounts to [£13.5 billion](#)

in this year alone.

***We are in the infancy of a new oil boom.***

So let's not make the same mistake again. Let's start a sovereign oil fund tomorrow. Let's use Scotland's oil to underpin our pensions and prosperity for future generations. If it was a good idea then, its got to be an even better idea now! After all we have a great deal of catching up to do.

### The Norwegian example

Take Norway which is as close to an economic mirror image of Scotland as you can get but started a sovereign oil fund in the 1990s. Now it has a fund worth [£460bn](#) , some three times the entire GDP of Scotland. Another former Chancellor Norman Lamont said on Newsnight last year that you can't compare Norway's pensions system with the UK's because Norway can afford it as a medium sized oil rich nation.

So why when the Scottish government has suggested the creation of an oil fund are the No Camp instantly up in arms? Well, it is for one simple reason. Well over [90% of the tax](#) take from oil and gas is generated from Scottish waters. No matter what you call it, people will refer to any fund as the “Scottish Oil Fund”, ipso-facto when it comes to spending that wealth, there will be political pressure to spend it in Scotland, and they DON'T want that because they CAN'T afford that.

Every year for 30 years Scotland has generated more tax per head than the rest of the UK (rUK) but this is not been returned to Scotland in spending. I [n 2011/12 Scotland generated 9.9% of the UK revenue](#) but only received [9.3% of UK public spending](#)

. That amounts to an better fiscal position for Scotland versus the UK of £4.4bn last year alone. Add to that the fact that an independent Scotland would have been in surplus over the last 30 years had it not had to pay an average of £2bn a year servicing debt that the rUK generated, debt that Scotland didn't need because we were in surplus.

This is how Scotland's wealth was hidden and spirited away and how Scotland was denied the chance to be a healthily, prosperous, more equal and productive nation with a fully funded pension fund and a real voice in world affairs. Just like Norway.

Scotland is a wealthy nation but as a result of our political union with Westminster we are not a wealthy or equal society.

### The No Camps fraudulent argument

So what argument are the No Campaign using to suggest we shouldn't have an oil fund, now that **at last** someone has had the common sense to suggest setting up one before its too late? Well they claim we can't start one because the UK is in deficit! Lets be clear – Scotland is only operating a deficit because we are part of the UK.

We have reliable independent and official Scottish Government income and expenditure figures

for 32 years which show that without having to pay for debt generated elsewhere in the UK Scotland would be in surplus right now even allowing for our share of the banking bailouts and despite the impact of losing two banks as a result of poor regulation at Westminster. Indeed, it is a credible argument that because there may be no recovering from the UK's present fiscal position, Scotland will always be in deficit for as long as we are part of the UK.

Let's imagine for a moment that an independent Scotland does accept its population or GDP per capita share of debts run up by the UK. The No Campaign claim that if Scotland runs a deficit then you can't save as you are borrowing to save. However, there are several problems with this flawed contention.

1) Scotland is likely to have returned to surplus in the year before it officially becomes independent in 2016. The UK Chancellor George Osborne can't argue with that as he is predicting that the UK as a whole will return to surplus in the year before independence is declared in 2016.

2) As explained above, Scotland's fiscal position is better than the rUK's last year by £4.4bn (coincidentally equivalent to 60% of the Scotland nominal deficit) and so Scotland can return to surplus far more quickly than the UK by merit of simply having a far higher GDP per head.

3) The debt that Scotland will inherit from the UK could be structured at approximately 3.0% interest and last year the Norwegian oil fund returned a staggering 14% profit. So do you pay your long term structured debt back at 3.0% or invest for the future at up to 14%?

Equating the national finances to those of an individual or household makes it easier to understand so I'll have a go. Many people have long term structured debt at low interest in the shape of a mortgage but they also have savings accounts, sometimes an investment account and usually a pension. How secure a financial future will you have if all your money goes into a mortgage, none into your pension and none into a savings plan?

You know the answer. And that's exactly the No Campaign's proposition – put all your money into your mortgage and don't put anything into a pension or savings.

### How about actually planning for Scotland future?

So what happens when the oil does run out, perhaps in fifty years or so? We either have to act now by voting Yes, planning for the future and starting an oil fund or to hope that the rest of the UK will actually start to subsidise us. And that's what independence is about. The rest of the UK can't pay its own bills. It is in a far worse financial position than Scotland, so we can't rely on London for our children's futures. If the rest of the UK was in a better financial state there would not be a No Campaign they would be glad to cut us loose if they actually did subsidise Scotland. They believe that they need us in both the short and longer-term.

### The missing stimulus

What all the figures produced by the No camp miss (intentionally) is that with independence comes the ability to control appropriate economic levers of growth.

For example, lowering corporation tax as part of a suite of growth tools to encourage inward investment and actually increase overall tax revenues. This combined with localised decision making and the use of economic growth levers such as the ability to lower air passenger duties to increase international flights, connectivity and in doing so boost tourism, is vital to growth.

Moreover, we can encourage increased investment from the institutional savings of leaving the political union with Westminster, as much as [£1.5bn a year on defence](#) (whilst having a larger more capable conventional defence force) and even the £60m a year we will save on not paying for MP's wages and expense accounts in the House of Lords.

### Conclusion

The leader of the No Campaign, Alistair Darling is one of the key people at fault when it comes to the failure to establish a Scottish oil fund just as he was at fault for failing to regulate the banks in the years and months up to the credit crisis. Scotland has not benefited from North Sea revenues in anything like the way it should have and as London's economy and population has bloated and overheated, Scotland continues to see generations of unemployment,

de-industrialization and poverty as our wealth is invested elsewhere.

The Scottish Government is right to consider an intelligent multi-layered approach to investing Scotland's wealth for the future. The return from the markets as the world slowly recovers from recession is likely to significantly outweigh the benefits of paying debt down more quickly.

The UK is not OK. It is facing financial ruin. This largely happened on the watch of two former Chancellors who now lead the No Campaign. Gordon Brown and Alistair Darling's economic decision-making has cost not just Scotland but the UK dear and they are asking us to follow their flawed advice again by remaining dependent on a Westminster political system that is ethically, ideologically and financially broken.

Scotland can afford to be independent. We can afford an oil fund. We should set one up as soon as possible. That's another reason we can't afford to vote No this September.

Vote Yes and Scotland's economy will thrive and secure our short and longer-term economic future.

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***As the Scotch say, "Aye, right" (but why are we suspicious that a double positive isn't always a negative?)***

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