

Lies, damned lies, the referendum and the demand for ch...

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I apologise for continuing to blog on the theme of the Scottish referendum, but little has so successfully revealed the true nature of the problems facing this country as a whole of late than this issue, and so it is well worth considering in detail.

Of course I am interested in the tax issues. [That motivated many of my comments in Glasgow yesterday.](#)

I am also interested in the ignorance that this referendum debate has revealed on the true nature of money, and its intimate relationship with tax and in turn the relationship of both to macroeconomics. It seems to me that there is a massive void in this area. I may blog on that later. It's certainly influencing the writing of The Joy of Tax.

But for a moment let's just focus on the lies - or at least, misrepresentations, which abound. Take this, [from the FT this morning](#):

Sir Mike Rake, chairman of BT Group, deputy chairman of Barclays and president of the CBI employers' organisation, said independence would destabilise investment in Scotland and the rest of the UK. "The uncertainty will last for easily 10 years," he told the Financial Times.

"Inevitably this uncertainty will lead to a slowdown in investment in the UK as a whole as well as Scotland."

What Rake says may be true. But I think it a very long way from the whole truth. The whole truth is that around the world big business - the sort Rake has always been associated with - is not investing because it has no clue what to do with the mountains of cash it is sitting on, some if it offshore, of course.

There is reason for not investing: big business is earning massive returns from monopoly positions and has no incentive to innovate because that actually makes its position as an extractor of rent deeply vulnerable, so all it actually does is defend its position and the status quo whilst seeking to block innovation wherever possible. The tech industries are a great example of this.

So Rake is making an excuse for something that might happen anyway. That's because I suspect he wants nothing to change because what I suspect big business knows - and he speaks for the CBI so I can generalise - is that the investment that is needed in Scotland, in rUK and more widely, is not the sort business can provide. It is investment in people, in infrastructure, in care, in technology of the sort the state always has to develop first, and in the future of a post carbon world on which no big business will take the risk. In that case this is the type of investment that is ultimately tax related.

But Rake does not want to pay tax. He was after all head of KPMG once, and those were wilder days.

So what Rake says is business does not want to pay for the investment that's needed.

And does not want to invest itself.

And so what he's really saying is he wants business to keep things just as they are, fault ridden though the economy we have might be, because that suits his world interests very well.

And that, in my view, means what he said was disingenuous at best.

So too are other business interventions in this debate. Either they understand what they're doing and we need to be very cynical about what they say, or they do not understand and in that case we need to worry. But the forces for the status quo are just that: they are opponents of change when what we have is unsustainable.

I do not know what will happen next week, and have said this week that to some extent it does not matter: what will matter will be what happens in the debate on the future of Scotland that starts on September 19, come what may, as it will. But I do know change is vital. And I do know that the forces against change will resist it, and have the power to do so. And I know that strong government of the sort we have not seen for too long will be required to deliver what people inherently know they need.

The worry is we will stagnate come what may. The referendum debate has been powerful for showing the desire for change exists despite the forces of conservatism (small c). And that's been encouraging whatever happens.