

A New Deal for Scotland

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I spoke at the [COSLA](#) conference this afternoon. COSLA represents local authorities in Scotland. This was my second visit to their conference. It was good to be invited back.

I emphasised during my presentation that in my opinion Scotland needed a cross-party New Deal to ensure it can face the challenges coming its way, with or without independence. There were my speaking notes:

- * The challenge
- * Scotland is at a crossroads
- * Devolved with some economic powers
- * Debating its own future
- * If GERS is to be believed running a strong deficit
- * If trade is to be believed in a good place
- * And I would say sitting on all the fundamental assets that make a modern economy
- * People
- * Education
- * Energy
- * Enterprise
- * Identity

- * The reality
- * There's a crisis coming
- * Externally
- * Brexit

- * A tottering world economy
- * A world without a plan

- * Domestically
- * An economy constrained by Westminster and the South East
- * In need of a plan of its own
- * And having to address the real issue that faces Scotland - that people in the country just don't earn enough because not enough has been invested in productivity in its economy
- * That's the beginning and the end of the Scottish economic crisis

- * There is â,-33 trillion saved in cash in the world right now (Allianz Global Wealth Report)
- * As they say, this is because the owners of that cash don't trust the financial products available to them in the market
- * These people would rather lose money holding cash than invest it in financial products
- * If you want the surest sign of the failure of current capitalism then this is it

- * At the same time Scotland is crying out for investment
- * To replace PFI
- * To fund new infrastructure investment e.g. rail infrastructure
- * To build new social housing
- * To create the renewable energy infrastructure for the country
- * To insulate existing housing stock
- * Whatever you want to add to the list

- * The question is how can that wall money that can't find a home end up invested in Scotland
- * First it needs a policy
- * To clear PFI
- * To create investment opportunities

- * Of any of the types noted
- * To create a structure for investment
- * Like an infrastructure bank
- * Nationally
- * Or regionally
- * And then it needs a financing mechanism
 - * Like local authority bonds
 - * Or national bonds
 - * At low rates of interest
 - * Backed up by government guarantee
 - * And People's QE if necessary
- * And some incentives / sticks
 - * Like a requirement that pension funds invest 20% of all their new member contributions in investments that deliver new jobs and technology within the UK
 - * And the reduction of ISA incentives for useless cash and share based investments that deliver not a penny of new investment into the economy
 - * And instead to have tax relief solely for new technology / green / job creation / social housing and infrastructure funds so that tax policy aligns with social need
 - * Plus local accountability for the funds invested in this way - and yes, that includes a role for councils
- * And the backstop is People's QE
 - * Where, if need be, the government's buys the bonds issued by projects to ensure that they have sufficient support to achieve their goals
 - * We have done £435 billion of QE to bail out banks and inflate asset prices in the South East of England. No inflation followed.
 - * People's QE is the weapon left to deal with the next downturn.
 - *
 - <http://www.taxresearch.org.uk/Blog/2015/03/12/how-green-infrastructure-quantitative-easing-would-work/>

- * The political assumptions in this
- * I am assuming Brexit because I think we have to
- * I am assuming that there is a broad cross party consensus on the need for investment in Scotland - even though I know there will be difference on the detail
- * I am assuming that there is a willingness to create real economic powers for devolved and local government involvement in Scottish economic development
- * I am assuming Scottish parties will be willing to work together on a New Deal for Scotland on the basis of the threat Brexit and the economic crash it will create will bring to you

- * The political realities of this
- * I know how massive my assumptions are
- * But as someone who's not a Scot and not a party politician I'll say that this scale of vision is what the people of Scotland do, I am sure, expect of you
- * I want Scotland to grasp its own economic future - devolved or independent - and whichever party is in government here or in Westminster - and I can't see how it is going to face the post Brexit world without a plan like this
- * I'd suggest it falls to you to deliver it

- * There is a need for a New Deal for Scotland
- * I'd suggest that together you can make it happen