

## 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
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- \* 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
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- \* There is £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 then invest it in financial products
  - \* If you want the surest sign of the failure of current capitalism then this is it
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- \* 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
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- \* 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.

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<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