

## Scottish government bonds

Published: April 3, 2026, 6:49 am

---

This discussion took place at the recent Scottish Economics Festival:

<https://www.youtube.com/watch?v=LLwJZXM4HXc?si=5yYX5F-iVIZnbgrR>

This is the transcript:

---

**Will:** And now you're aware of a report that I wrote with Jim Osborne from the Scottish Currency Group, and we suggested that the idea that the Scottish Government has come up with — that they need to issue wholesale bonds — is not a very good idea. The report was a little bit firmer on that, but that's what we came up with. And we said that the Scottish Government, if it wants to raise money, should look at retail bonds. Principally, we said that because there's £170 million worth of interest that's paid on these bonds. It should go to Scottish households and businesses rather than international financial markets.

That's kind of where we started. Then we looked at it a little bit more, and it just got worse and worse, the layers that we went down. But I just wanted your thoughts on that: a wholesale bond for the Scottish Government now, as a currency user and as a devolved nation, does that seem to make sense to you?

**Richard:** No — there's a simple answer — not at all. I'm entirely with you on this one. The reason why issuing wholesale bonds buys you into the existing financial hierarchy.

Scottish independence should not be only about creating an independent Scotland, which I firmly believe in. So why do I think this is a mistake? Because I think Scotland not only has to explore what independence means as a country, but it has to mean what innovation for the people of Scotland means as well. And buying into the existing

bond hierarchy, to me, makes no sense at all.

Buying into the idea of retail bonds for Scotland does make sense for me. I believe that Scotland is as capable of being a strong, independent country as Denmark is capable of being. I happen to know Denmark quite well. I have taught at Copenhagen Business School for quite a while; I've co-authored there at one time; I spent a lot of time in Copenhagen, a great city to go to if you have to go somewhere and you know it well. But I don't see any great difference between the situation of Scotland and Denmark at all.

Denmark issues its own bonds. But people in Denmark believe in Denmark, and they fund Denmark using Danish money. And that's what Scotland should be setting the precedent of doing now. That means that Scotland should be issuing the equivalent of National Savings and Investment bonds for retail purchases inside the UK.

Issuing retail bonds is very important to me. First of all, it's rather like tax: it is the consideration in the social contract, in my opinion, between people and the government. If you actually have a retail bond, what you're saying is that you are buying into what the government is going to do with this bond. And the government then has a duty to explain what its investment programme is using this money.

There's a democratic connection. There is a fundamental democratic connection in this. And I'm going back — I'm going to do some work on this very soon — because if you look at the history of the economic development of the UK as a whole, and this is true inside Scotland and England in the nineteenth century, local authorities were fundamental to that development: sewers, water, electricity, tramways, housing, gas, public health, hospitals. They funded that.

What did they fund it with? Retail bonds. A lot of that was retail bond money. We could rebuild that connection between savings and investment by building a retail bond idea again, which reconnects the saver with the consequences in their community. That, I believe, makes sense.

The idea of issuing a wholesale bond makes no sense to me at all. That's just financial engineering. We're back to those same old problems.

---

***Note for clarification: I mixed past and present tenses when talking about Copenhagen. The link with Copenhagen Business School is now entirely in the past. The liking for Copenhagen remains.***