

Oilgate – the first McCrone report

Scotland's Oil – 30 years of official lies, cover-ups and betrayal – a lost opportunity and the future prospects

We don't want to say "we told you so", but...

This report shows that the government knew in the early 1970s just how big Scotland's oil wealth could be. This went right to the top, right into the heart of government at the Cabinet Office, it is clear that Ministers have known since 1974 that Scotland would be better off Independent, our economy carrying "a chronic surplus to a quite embarrassing degree".

This contrasts with the '3 day week' of the 1970s and the industrial decimation of the 1980s. This paper was classified 'secret' and buried, but 30 years later it still illustrates how much Scotland would have prospered with independence and oil, and we still have time to salvage some of that wealth.

Oil and Revenue Values

"So far all that Ministers have said is that they expect North Sea oil to be yielding 70–100m. tons of oil per annum by 1980 and that on that basis the Government revenue from rent and royalties from the whole of the Continental Shelf ...may be of the order of £100m. per annum at that time." Page 5

"The SNP have countered these figures by claiming that North Sea oil should by 1980 be yielding a Government revenue of approximately £800m"

- By 1980, 80m tons of oil was indeed being extracted from the North Sea, but they were worth some £3 800m – some 38 times the Minister's estimates.¹

"All that is wrong now with the SNP estimate is that it is far too low" Page 5

Long Term Mismanagement of Oil Revenues

"The example of Norwegian policy on Government revenue from oil likewise shows up the failure of British." Page 5 Norwegian Oil Fund now worth more than £101bn.

Scottish Prosperity with Oil and independence

"the net balance of payments gain might be expected to lie very approximately in the range of £2,000m. to £3,500m. a year, depending on prices and the share of the Government 'take'." Page 6

- The last 30 years of North Sea oil revenues amount to £200billion²
- There are 43.8 billion barrels left in the North Sea.³ At \$45/barrel, that's £1 trillion. At \$62/barrel (current), it's £1.5 trillion.

"What is quite clear is that the balance of payments gain from North Sea oil would easily swamp the existing deficit whatever its size and transform Scotland into a country with a substantial and chronic surplus." Page 6

"The country would tend to be in chronic surplus to a quite embarrassing degree and its currency would become the hardest in Europe, with the exception perhaps of the Norwegian kroner." Page 8

¹ Dept of Energy Brown Book 1983

² www.ukooa.co.uk/media/view-press.cfm/368

³ DTI UK Oil and Gas Reserves

"An exchange rate of £1 Scots to 120 p sterling within two years of independence therefore seems quite probable." Page 9

"The gap between Scottish income per head and English would probably soon be eliminated and might well be reversed." Page 9

- On average, earnings in Scotland are £3,045 lower than in England.⁴
- Since 1975, Scotland's unemployment doubled from 71,700 to 142,000.⁵

"An independent Scotland could now expect to have massive surpluses both on its budget and on its balance of payments and with the proper husbanding of resources this situation could last for a very long time into the future." Page 16

"Thus, for the first time since the Act of Union was passed, it can now be credibly argued that Scotland's economic advantage lies in its repeal." Page 16

"Britain is now counting so heavily on North Sea oil to redress its balance of payments that it is easy to imagine England in dire straits without it ... it is now likely that transfer of North Sea oil to Scottish ownership would occasion much bitterness in England if not an attempt to forcibly prevent it." Page 17

How Labour and the Tories see it:

"We need to keep hold of the North Sea's destiny," **Malcolm Wicks** - UK Energy Minister announcing new licences Quoted in Joan McAlpine on Thursday 8th Sept 05, Herald

"I hold the future of Britain in my hand." **Tony Benn**, then Energy Secretary, holding a bottle of North Sea Oil as the first of it came ashore – 18th June 1975.

"The companies wanted the oil and we had it, It was a very active policy we pursued and would have transformed our economy, instead of which we went into a period of privatisation and redundancy and all the money was wasted." **Tony Benn** The Sunday Herald 12th June 2005

"We promised Iraq democratic government. We will deliver it. We promised them the chance to use their oil wealth to build prosperity for all their citizens not a corrupt elite. We will do so." **Tony Blair** speaking to US congress 18 July 2003

"Its Scotland's oil' was the argument that separation and a strong pound based on oil revenues would make Scots people better off." **Gordon Brown** speaking at the Apex Hotel in Edinburgh 22nd April 2003

'We English, who are a marvellous people, are really very generous to Scotland.' **Margaret Thatcher** – The Times, 12 February 1990.

"Wendy Alexander, Scotland's enterprise minister, said claims the SNP were engaging in "risky mythmaking" by claiming Scotland was in surplus. "These claims simply do not stand up to scrutiny and arise from systematic distortion," FT.com 15th May 2001 <http://specials.ft.com/ukelection2001/FT35F2CVRMC.html>

'The oil price is likely to stay at about \$10 to \$12 a barrel at least in the foreseeable future. Therefore, we are worlds removed from the oil prices and production levels of the mid-1980s' **Donald Dewar** Scottish Grand Committee 1/2/99

⁴ Annual Survey of Hours and Earnings (ASH) 2004

⁵ Labour Market Statistics ONS