

OILGATE – THE FIRST MCCRONE REPORT 1974

Scotland's Oil – 30 years of official lies, cover-ups and betrayal

A 1974 Scottish Office report 'The Economics Of Nationalism Re-examined,' written by Professor Gavin McCrone was classified as secret and obtained, 30 years later by the SNP under new Freedom of Information legislation. This report shows that the government knew in the early 1970s just how big Scotland's oil wealth could be. The correspondence on 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 is, of course, in contrast to the '3 day week' of the 1970s and the industrial decimation of the 1980s. Scotland's predictions of prosperity were classified 'secret' and buried, but 30 years later the paper still illustrates how much Scotland would have prospered with independence and oil, and the indications are that we still have time to salvage some of that wealth.

All quotations in this paper are from 'The Economics of Nationalism Re-Examined', Scottish Office, 1974 unless otherwise stated

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 were 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

- The Norwegian Oil Fund is now worth in excess of £89bn

¹ Dept of Energy Brown Book 1983

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

- Over the last 30 years North Sea oil revenues have been worth some £200billion²
- The DTI estimates that there are 43.8 billion barrels left in the North Sea.³
- At \$45 a barrel, that is equivalent to £1 trillion. At current oil prices, \$62 a barrel, it is equivalent to £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

“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, the number of unemployed in Scotland has 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.” Page 17

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

³ DTI UK Oil and Gas Reserves

⁴ Annual Survey of Hours and Earnings (ASH) 2004

⁵ Labour Market Statistics ONS