

An alert reader directed us to an article on finance site Bloomberg today:

Economists are still hotly debating whether the oil crash has been a net positive for advanced economies.

Optimists argue that cheap oil is a good thing for consumers and commodity-sensitive businesses, while pessimists point to the hit to energy-related investment and possible spillover into the financial system.

A new note from Francisco Blanch at Bank of America Merrill Lynch, however, puts the oil move into a much bigger perspective, arguing that a sustained price plunge "will push back \$3 trillion a year from oil producers to global consumers, setting the stage for one of the largest transfers of wealth in human history."

It's interesting to see a business and bankers' perspective on something that we've already pointed out a number of times on Wings, namely that the lower oil price has at least as many upsides as downsides.

It may reduce the amount of money in *state* coffers (at least in the first instance), but it does so by diverting money directly to consumers, *i.e.* us. (For an idea of the scale we're talking about, \$3 trillion is over \$420 a head— about

£290 – for every man, woman and child on the planet, which would be £1,276 a year for the average family if divided evenly worldwide. In reality we in the oil-hungry First World would benefit far more than that.)

Rather than governments collecting money through taxation and then going through all sorts of contortions to try to give some of it back to people in welfare benefits and tax credits and whatnot, the oil price puts it straight into people's pockets without the need for any middlemen or bureaucracy.

It reduces what they pay for fuel (petrol has now dropped in price by over 30% in the last couple of years), and cuts the cost of goods because they no longer cost so much to transport. Companies become more viable and can hire more employees, and people have more to spend and can buy more stuff, thereby channelling money back to the government in income tax, NI and VAT (and claiming less in benefits).

Every party in the land stands for election promising to put more money in voters' pockets. Labour promise to do it through redistribution, Tories promise to do it by cutting taxes and state spending, the SNP promise to do it by diverting money to investment and creating growth rather than buying nuclear submarines, etc.

They rarely succeed, of course. The story of the last 30-odd years in Britain has been an unbroken tale of more and more money being sucked upwards to the rich and super-rich. But a low oil price achieves the goal directly and tangibly.

Unionists still screaming that it makes an independent Scotland unviable might want to try asking people if they'd rather pay an extra 50p a gallon in order to make GERS look prettier. We suspect we know the answer already.

There has been a lot going on over the festive period, the EU referendum, Scottish Government Budget, Scotland Bills Fiscal Framework, Council Tax Freeze and Labours proposed 1p tax hike to name but a few. With the exception (so far) of the EU referendum everything that has been going on has been used as a stick to beat the SNP over the head with. As Mays Scottish Elections get closer SNP bad will intensify, of that we can be certain. BBC, the Daily Papers and Unionist politicians will lie, spin and scare the electorate into believing that everything the SNP does is bad and detrimental to you and Scotland, even though evidence proves otherwise.

The most important of all is the negotiations regarding the Fiscal Framework surrounding the Scotland Bill. Remember, the Scotland Bill is the new powers being devolved to the Scottish Parliament. All the powers that were promised by the Unionist Parties during the referendum, or the watered down Smith Commission recommendations that have been further diluted by Westminster. (remember everything the SNP proposed was voted down by Labour, Tories and Lib Dems) But, they are powers that the Scottish Government can use to better effect than Westminster if the Fiscal Framework is correct.



The first press release of the Smith Commission states; "The only way to ensure that none of the UK's constituent parts gain or lose financially is to change nothing. The minute you make Scotland raise some or all of its own income tax, say, you massively alter the financial balance (because of the differential levels of spending in different parts of the UK, because – for example – Scotland's landscape and more widely spread population make it more expensive to provide public services).

Scotland Bill heads for crisis as SNP and UK Treasury talks hit brick wall over fiscal framework

The only way you can restore the balance is to hand over extra cash from the Treasury. And if you do that, of course, you've blown the entire point of the exercise – Holyrood ISN'T any more accountable or (in reality) any more devolved, because whatever it does Westminster will fill in the financial gaps. (The alternative – forcing the Scottish Government to impose higher taxes or extra cuts on the people of Scotland to make good the difference – is plainly a detriment and a financial loss to Scotland, and therefore contrary to the Commission's goals). And if you DON'T do it, then you can't say that there's no detriment or financial loss to anyone, because there will be. That's why the Barnett Formula exists.

The Smith Agreement states: "The Scottish and UK Governments' budgets should be no larger or smaller simply as a result of the initial transfer of tax and/or spending powers, before considering how these are used." Under the current proposal Scotland could end up hundreds of millions of pounds worse off, completely the opposite of what the Smith Commission proposes and what the SNP are fighting to avoid. A February 14 deadline has been set to reach agreement, at the time of writing that doesn't look likely..

As you are all aware Scotland was blotted by storms and heavy flooding over the festive period, one of the worst hit areas was Dumfries and Galloway. Storm Frank hit on the 29th and 30th of December causing widespread flooding the length and breadth of the country. Some of the worst hit areas where Newton Stewart (45 miles west of Dumfries) when a retaining wall was breached.



On the 8th of January Joan McAlpine MSP said "Dumfries and Galloway Council is not doing enough to make flooded individuals and businesses aware of the **£1500 individual grants** made available to them by the Scottish Government". She goes on to say "she is concerned that the council website does not publicise a scheme announced by the Scottish Government for Dumfries and Galloway in December which gives affected individuals, businesses and community groups up to £1,500 each, as part of an additional £700,000 allocated to Dumfries and Galloway by the financial secretary John Swinney."

Cumbria Councils website clearly highlights the UK Government fund of up to £500 but the Dumfries and Galloway website failed to mention anywhere the Scottish Governments (up to) £1500, D&G Council is a **Labour** led administration.

When one flooded shopkeeper on Dumfries Whitesands asked council officials how he could get help through the Scottish Government scheme, he was told they had no details. And, public statements from Dumfries and Galloway Labour politicians in the local press **wrongly claimed** there is less flood money. This can only discourage people from applying for help.

When Joan highlighted the issue Labour and Tory Councillors and the Daily Mail went ballistic on Social media, claiming the council cannot spend the money until March. Even after the SNP confirmed the money was for spending this year they persisted, The SG said "that the money was not part of the budget process, it does not require parliamentary consent" it is guaranteed.

On 9 January McAlpine said "In a deeply cynical move, Dumfries and Galloway Council did respond to my press release. Within hours of my expose, they had changed their website to offer "crisis grants" to those facing flooding hardship. But a click on the link revealed this "offer" was not part of the emergency Scottish Government flooding response. It was the Scottish Welfare Fund. This is a separate Scottish Government fund available to very low income families in crisis - for example as a result of welfare sanctions and other fallout from the Tory Government Welfare Reforms. It can only pay out to very low income people and obviously cannot help businesses or community groups hit by floods. How deeply irresponsible - and unnecessary - to deplete this limited fund when an alternative route is available"

It is obvious from all the lies, deceit and media spin that Labour and other Unionist Parties are playing politics with people's lives. This close to the Scottish Elections the last thing the Unionists, especially Labour Scotland Branch, ever want to do is give the Scottish Government (SNP) any form of credit. It is essential that the SNP bad rhetoric is maintained by the BBC, the Press and by all 3 of the Unionist Parties.

On 18th of January Joan McAlpine's office window was broken by a brick.

For full details go to; www.facebook.com/joan.mcalpine/posts/10153929608640719

"Penny dreadful for low paid: Inland Revenue figures back Labour claims public-sector workers would bear brunt of SNP tax plan

Labour will seek to put tax at the centre of its 'big push' for a Holyrood majority this week, with new figures showing nurses, teachers, and council workers will foot the bill for the SNP's 'penny for Scotland'.

A detailed breakdown of the tax's impact reveals how public-sector workers would be forced to bear the brunt of a measure that would affect more than two million workers.

An analysis prepared by the Inland Revenue and passed to The Herald confirms Labour claims that the Nationalists' flagship policy, intended to raise £690m extra for health and education, will fall disproportionately on those on low and middle incomes.

The figures, released with just 72 hrs to go to polling day, mark the culmination of Labour's non-stop campaign against the SNP's economic policies.

[Gordon Brown] said last night: 'There is hardly a nurse, teacher, policeman, or council worker in Scotland who won't be paying this tax increase. These are the very people the SNP claimed it wanted to help and instead they will be hit the hardest.'" (see here; <https://archive.is/pj1cl>)

That is a headline from the Herald on Monday 3 May 1999, just 3 days before the polls opened for the new Scottish Government Elections.



The Mail on Sunday, November 30 2014

15½ years later, just over 10 weeks after the Independence Referendum, Labour Scotland Branch leadership hopeful Jim Murphy says no to extra tax for middle class.

So, why did the Scotland Brach under Kezia Dugdale (Jim Murphy's 2nd in command) propose a sweeping 1p tax hike?

Stupidity or calculated or a bit of both seems to be the general consensus. Yes we have a thinktank saying that the proposal is a good one but, the Resolution Foundation Director who backed the 1p tax hike, Torsten Bell, was Director of Policy for Labour.

G A Ponsonby believes that the whole thing was a ploy, he says in his blog "Well the hidden agenda has finally been exposed. It was all a ruse to try to paint the SNP as being 'shoulder to shoulder' with the Tories." referencing the statement made by Kezia Dugdale at First Ministers questions on Thursday 4 Feb, the day after the Scotland Branch proposal was rejected by the Scottish Parliament (SNP, Greens & Tories voted against).

Ponsonby has a point as it all seems perfectly co-ordinated with the media. The BBC grasped the bull by the horns and widely reported that the SNP and Tories stood shoulder to shoulder, what about the Greens? Of course the papers joined in, the Herald's banner read, SNP accused of "standing shoulder to shoulder" with Tories over tax rises

Regardless of the reasons it was a bad idea and it would never have worked, it would cost Scotland's poorest £100s and the proposed rebate would be taxed back to UK treasury.