

# Bankers Rule: City of London vs. Scottish Independence

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*Now that the independence referendum is too close to call, the bankers express their worry. The media blitz ramps up to tip the outcome. [Scottish independence has finally rattled the City of London](#) has the usual banksters forecasting the dislocations from a currency panic.*

Scotland has a long and noteworthy history of banking. Money, savings and investing is entrenched in the culture and society.

Edinburgh is the fourth largest financial centre in Europe (after London, Frankfurt and Paris). Much of this reputation has arisen from its [history](#) of innovation over the last three hundred years. The Bank of Scotland, established in 1695, one year after the Bank of England by an Act of the Scottish Parliament, illustrates the prevailing attitude to the creation of money in that era. A list of banking innovations is a useful background of Scottish banking activities.

The City of London is the granddaddy of financial empires. Anglophiles are eager to point out all the achievements of expanding civilization and exporting the dominant economic model that the British Empire established in the colonial period. Control of indigenous cultures has been a dominant objective within the commonwealth association. Scotland knows this lesson better than most. Therefore, news report at [Banks Threaten To Leave Scotland If People Vote For Independence](#), is totally consistent in the world of high power politics.



“Some of the biggest [banks in Scotland are threatening to leave](#) if the people there vote for independence from Britain. In a move designed to pressure the people of Scotland to stay within the UK, the Royal Bank of Scotland and Lloyds Banking Group have said they will relocate if Scotland votes for independence in an upcoming referendum.”

English society maintains class distinctions and privileges within the United Kingdom. Many Scots may accept serving the Crown, but tolerating second-class citizenship insults the proud heritage of the highlands. The case for Scottish Independence would seem to be logical and rational, especially if the direction is to leave the oppressive dictates of European Union bureaucrats in a future break.

Therefore, the attitude that the first minister of Scotland, Alex Salmond maintains is a primary motivation behind a YES vote on independence. The business week article - [Can an Independent Scotland, Free of London's Dominance, Survive?](#) - examines the prevailing issue.

“In a March speech in Edinburgh, Salmond quoted a professor named Tony Travers, who said, “London is the dark star of the economy, inexorably sucking in resources, people, and energy. Nobody quite knows how to control it.”

“UK debt – in theory – would be viewed by financial markets as a riskier bet since there is a remote possibility an independent Scotland would refuse take its share, estimated to be about £120bn. The effect of a smaller UK carrying the same debt burden would be to push up debt-to-GDP ratios, currently about 75%, by about seven percentage points. In practice, however, markets might take that event in their stride. The Treasury has already affirmed its commitment to service all gilts in all circumstances; the possibility of interest rates being lower for longer might even push gilt yields lower.

Instead, it is the currency question that now obsesses the City. “The most important specific risk, in our view, is that the uncertainty over whether an independent Scotland would be able to retain sterling as its currency could result in an EMU-style currency crisis occurring within the UK,” Kevin Daly, senior economist at Goldman Sachs, said yesterday.”

Ask yourself why it takes a possible severance in subjugation, which Scotland endures to bring forth the very real issues of unfunded financial obligations. The essay, [Scottish independence: Sterling on knife-edge as City braces for Scots vote](#), exemplifies just how hazardous the current economic course has become.

“A chorus of British business leaders have been voicing fears about a “Yes” vote in recent days. The right wing Centre for Policy Studies think-tank became the latest group to weigh in with a report warning of a “severe” risk. The CPS claims there is a £13.8bn hole in the Scottish nationalists’ budget plans as North Sea oil will run out faster than expected while public sector costs will rise and financial-services firms will quit Scotland.

Many in the City still have the jitters about the Scottish vote. Leading firms could be facing a £100bn pension funding gap under European rules which demand pensions must be fully funded if they are deemed to be “cross-border” because of Scottish independence. Royal Bank of Scotland is said to have a £5.6bn gap.”

When the BoE central banker states: [Mark Carney: Independent Scotland must build currency reserves](#), he really is saying that the financial markets view the risk of the English economy greater than the potential opportunity for the Scots to establish their own banking system.

“Given the Scottish economy is around £146bn (including the oil industry), this suggests that reserves totalling around £36bn would be needed if Scotland chose ‘sterlingisation’ – ie, using the pound without a currency deal.

The governor indicated that Scotland could start independence with around £15bn of reserves, depending on negotiations ahead of break-up.”



The Scottish vote on independence is a remarkable event. While the polls may not accurately reflect the sentiment of the Scots, the fact is that the City of London will use all their influence and punishments, if the tally goes against the interests.

Scotland has a chance to fire a new *shot heard round the world*, this time in the backyard of the financial elites. Is it possible to break ties with the New World Order peacefully, or will the consequences of a successful separation be so high that a majority of Scots will lose their nerve?

If any ethnic culture has the courage to vote for independence, it would be the Scots. The destiny of a people is not written from the back offices of bankers and accountants. The world should view the independence vote as a liberation watershed that could open up the financial prospects of ordinary citizens.

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