

Funding the Future

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I have been asked for my comments on GERS 2017 - the [Government Expenditure and Revenue Scotland](#) statement, of which the latest version was published this morning.

To be candid, in many ways I have little to say to add to what I have already said on this issue. All my reservations about GERS remain. On [the revenue side](#) the vast majority of estimates are just that i.e. they are extrapolations from UK data that assume Scotland is a mini part of the UK as a whole, and I do not think that a useful basis for assessment. Some changes, e.g. on oil revenues, have taken place, with modest up-ratings in Scottish revenues as a result. Some devolved taxes reflect Scottish source data now: I accept that the latter in an improvement.

But, and I stress the point: what GERS still shows is the improbable likelihood that the Scotland is disproportionately responsible for the UK deficit when it is very clear that many decisions for which Scotland is asked to contribute would not be paid by Scotland as a whole if it had the choice. Trident and much of the defence budget is an obvious example, but there are others on the spending side, where Scottish demography would, for example, suggest that a very different pension system might be appropriate for Scotland when compared to the rest of the UK.

As for income, Scotland has very limited control over the income attributed to it and the tax system in operation, which heavily biases towards wealth and which is very large business friendly, may well be one it would not choose. In addition, I would hope a Scottish government would pursue the tax gap much more vigorously than HMRC does anywhere, and not least in Scotland, where it intends to withdraw from all local services above a line between Edinburgh and Glasgow, leaving some in the country many hundreds of miles from a tax office, and its scrutiny.

This leaves all aspects of GERS distorted by a decision making process centred in London which has devolved little real control of much of what happens to Scotland by keeping a tight rein on purse strings and strictly limiting the use of devolved tax powers either by statute or by the way in which powers have been granted. This lack of real interest is reflected in the fact that so little of the critical data in GERS is really collected in Scotland but has to be abstracted from that for the UK as a whole.

GERS is, then, a statistical anomaly prepared without consideration for what really happens in Scotland and as such provides almost no real indication as to what its potential might be, whilst leaving the Scottish government with no reliable data on which to make economic decisions. It is this that annoys me. Scotland has been granted the form of devolution but has no way to assess what that really means. GERS does then, without in any way questioning the integrity of those who prepare it, at best represent a continuing mechanism for control of the Scottish economic and so political agenda for London and that's precisely why in its current form it serves no useful purpose for those really interested in Scotland being managed for its own benefit within the UK.