COMPENDIUM #38

INDEPENDENCE IS AFFORDABLE

Trevor Swistchew — Compendium #38

> *A forensic dismantling of the "too poor, too small, too dependent" myth — analyzing GERS methodology, public revenue versus economic output, and the democratic reality of sovereign statehood.*

For decades the people of Scotland have been told that independence is financially beyond their reach.

The argument is repeated so often that many voters accept it without examining the evidence.

The message is simple Scotland is supposedly too small, too poor, too dependent and too economically weak to stand on its own. Yet when the figures are examined closely, a very different picture emerges.

The first question that must be asked is simple. What exactly does it mean to claim that Scotland cannot afford independence?

Scotland is a modern developed nation of over five million people. It possesses internationally recognised universities major financial institutions, extensive renewable energy resources, substantial food and drink exports, a highly educated workforce, advanced engineering capability and globally recognised industries. Nations with far fewer resources than Scotland operate successfully as independent states throughout Europe and beyond.

No serious observer suggests that Scotland lacks the physical assets required to function as a sovereign country.

The debate is therefore not whether Scotland can operate as a nation. The debate is whether Scotland can manage its finances differently from the present constitutional arrangement.

This is where the annual Government Expenditure and Revenue Scotland reports, commonly known as GERS, become central.

GERS attempts to estimate the amount of public revenue raised in Scotland and the amount of public expenditure attributed to Scotland under the current United Kingdom system. The latest published figures estimate public sector revenue of approximately £91.4 billion and public expenditure of approximately £117.6 billion, producing a deficit under the GERS methodology. , gov.uk

Those figures are frequently presented as proof that independence is impossible. However, that conclusion goes far beyond what GERS was designed to show.

Even the Scottish Government's own explanatory notes state that GERS measures Scotland's fiscal position within existing constitutional arrangements. It is not designed to be a prediction of the finances of an independent Scotland.

Many critics of GERS therefore argue that the figures are frequently misunderstood in public debate.

One of the most important issues concerns expenditure allocation.

Under the GERS methodology, Scotland is assigned a share of various categories of UK expenditure. These include expenditure that occurs directly in Scotland as well as expenditure that occurs elsewhere but is deemed to benefit Scotland.

Critics argue that some allocations are difficult to verify and that voters rarely understand how these calculations are performed.

The argument is not necessarily that statisticians are acting dishonestly. Rather, it is that assigning costs within a highly centralised state involves assumptions.

There is also an important distinction between Scotland's public revenues and Scotland's wider economy.

The public often hears discussions about tax revenues while receiving very little information about overall economic output.

Gross Domestic Product, or GDP, measures the value of goods and services produced within an economy. Revenue measures the income collected by governments through taxation and other sources.

These are completely different concepts.

Confusion frequently arises because tax revenue is discussed as though it represents the entire national economy.

Scotland's economy generates hundreds of billions of pounds of economic activity each year. Only a portion of that activity appears as government revenue.

As a result, many voters find themselves comparing total government expenditure against tax revenue while never seeing the broader economic context in which those figures exist.

Critics also point to the difficulty of identifying precisely where certain revenues arise.

The United Kingdom operates a highly integrated tax system. Many taxes are collected centrally. Major corporations often report their finances on a UK wide basis. Customs arrangements are administered across the state as a whole.

Financial activity may occur in one part of the country while administrative functions occur in another.

The consequence is that estimates must often be used.

Supporters of the current system view these estimates as reasonable and professionally produced. Critics argue that the estimates inevitably contain uncertainties and should therefore not be treated as fact.

There is another issue often overlooked in constitutional debates.

The affordability of independence is not determined solely by present revenue and expenditure figures. It is also determined by future policy choices.

An independent Scotland would make decisions currently reserved to Westminster. These might include immigration policy, industrial policy, energy strategy, taxation structures, economic development priorities, infrastructure investment and international trade relationships.

Whether those policies succeed or fail would influence Scotland's fiscal position.

No statistical publication can calculate in advance how successful future governments might be.

History provides many examples of countries whose economic fortunes changed dramatically after constitutional change.

Some prospered. Some struggled. Most experienced a combination of successes and difficulties.

Another issue concerns public spending.

Opponents of independence often point to expenditure figures exceeding revenue figures under GERS.

Supporters reply that an independent Scotland would not necessarily inherit identical spending commitments.

Government spending reflects political choices.

Defence priorities can change. Infrastructure plans can change. Administrative structures can change. Tax systems can change. Borrowing strategies can change.

For that reason, current expenditure levels cannot automatically be assumed to continue unchanged under independence.

This does not eliminate fiscal challenges. It simply means they must be analysed realistically rather than assumed.

The phrase “Scotland is too poor” is therefore particularly misleading.

Poverty refers to a lack of resources.

Scotland clearly possesses substantial resources.

The real dispute concerns how those resources should be managed and how revenues and expenditures should be organised.

That is a fundamentally different question.

The debate should therefore be framed honestly.

One side believes that Scotland benefits economically from remaining within the United Kingdom. The other believes that sovereignty would allow Scotland to make more effective use of its resources and economic potential.

These positions can be argued. Neither position is proven solely by GERS.

The responsibility of voters is to examine the evidence rather than accept slogans.

If independence supporters claim prosperity is guaranteed, they should be challenged to explain precisely how fiscal stability would be achieved.

Likewise, if unionists claim financial catastrophe is inevitable, they should be challenged to explain why similarly sized independent nations function successfully around the world.

Democracy depends upon informed consent.

Informed consent requires access to information presented honestly and transparently.

Citizens should understand what GERS measures. They should understand what GERS does not measure. They should understand the distinction between public revenue, public expenditure and economic output. They should understand which figures are directly measured and which are allocated through estimation. Most importantly, they should understand that political choices influence economic outcomes.

The future cannot be read directly from a spreadsheet.

Economic statistics are valuable tools. They are not crystal balls.

Scotland today possesses the institutions, population, skills and resources expected of a modern nation.

Whether those assets would be managed more effectively inside or outside the United Kingdom remains a political question for voters to decide.

What should no longer be accepted is the claim that independence is impossible because Scotland lacks the means to sustain itself.

The evidence shows that Scotland raises substantial revenues, supports extensive economic activity and operates many major public institutions. The official figures themselves demonstrate a country with a large and complex economy rather than a nation incapable of self rule.

The true constitutional question is not whether Scotland can function independently.

The question is whether the Scottish people believe they could govern their resources, revenues and priorities more effectively through independence than through the current arrangements of the United Kingdom.

That is a democratic choice. It should be made on the basis of evidence, transparency and informed debate rather than fear.

Only when voters receive complete information, clearly explained and honestly presented, can they determine the future they wish to build for themselves and for the generations that follow.

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