

## **THE GREAT DECEPTION - GERS- 2005**

"If you tell a lie big enough and keep repeating it, people will eventually come to believe it. The lie can be maintained only for such time as the State can shield the people from the political, economic and/or military consequences of the lie. It thus becomes vitally important for the State to use all of its powers to repress dissent, for the truth is the mortal enemy of the lie, and thus by extension, the truth is the greatest enemy of the State."

**Josef Goebbels. Hitler's propaganda chief.**

In May 2000 I wrote the original article called 'The Big Lie.' It was an exercise to establish the truth of the often repeated claims of the British Government that Scotland was too economically weak to stand on its own two feet. In fact the claim has been made that the English Taxpayers are subsidising the Scots. After months of painstaking research the results were astonishing to say the least. The reverse was actually true, it was Scotland that was substantially subsidising the rest of the UK.

However this Big lie is still repeated by the Scottish Executive and Labour Politicians, both in Holyrood and Westminster in the form of the GERS report and accordingly I have been retained by an Independent policy think tank and the newly formed Scottish Enterprise Party to verify the truth or otherwise of the GERS report. According to the GERS Report, Scotland is an economic basket case which requires £11.2 Billions annually from the UK exchequer to balance the books. My remit is to establish the truth or otherwise for this claim.

The British Government have made vast improvements in the online services available for researchers using the Internet over the past 5 years Most of the data is now online. The one major source of information has been <http://www.hmrc.gov.uk/stats/> links from this website give additional information. I am using the UK Governments own statistics for comparison with the GERS report and where interpolation has been required the figures err on the conservative side giving the benefit of any doubt to the UK statistics.

In my original article North Sea Oil revenues were difficult to track down as the UK Government regarded these as special resources of the UK (Extra-Regio Territories) and not Scottish, even though the Oilfields are in Scottish waters, are policed by Grampian Police and supported by an Infrastructure, at NE Scottish Ratepayers and Council Tax payers expense without any financial support from Westminster. Following this UK Government convention, the GERS report compilers have done likewise, thus North Sea Revenues are EXCLUDED from the allocation of revenues received from Scotland. The UK government have created a new country named Extra Regio Territories in order to conceal the Oil revenues from the Scottish account. Accordingly I have ignored this new creation and included the North Sea Oil revenues in the comparator.

When the Scottish Parliament was established, the UK Government annexed 6000 square miles of Scottish Waters rich in Oil, Gas and Fish and transferred them to English jurisdiction. In these cases, I have re-allocated this areas Tax revenues to the Scottish Tax Revenues account under the original international boundary. I have also re-allocated the Scottish operations proportion of the Corporation and other taxes paid by the International Oil Companies based in London whose taxes are credited to the London account. These would naturally accrue to the Scottish treasury if Scotland were independent.

I am still not satisfied that I have gained a true picture of North Sea Oil and Gas revenues as I am certain some of these have been allocated to the Gross operating surplus and Crown Estates Income. In this event, they may well be understated for the Scottish North Sea Tax revenues, but I have found it next to impossible at present to penetrate the veil of obfuscation from HM Treasury that surrounds this heading. The U.K. Government use the figure of 8.6% (Red Book 2004) to express the percentage of Scottish Populace to the U.K. Population as a whole, and I have used this percentage in Annex A where it was impossible to ascertain the correct percentage. (Comparator of Taxation Revenue and Percentages). It should be Noted that the least ambiguous site was HM Revenue and Customs. The worst site being the Treasury.

### **GENERAL NOTES and OBSERVATIONS**

I suggest you print off a copy each of Annex A and B to cross check with the figures. It will make this section easier to follow. It was interesting to note the disparity between Income tax receipts in Scotland and those of the SE of England. Scotland's Share of the Income tax and National Insurance Contributions is 7.2% and 8.2% respectively which reflects the lower Incomes of Scots in general.

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Inland revenue figures strongly suggest that there are a higher proportion of Scots, whose earnings fall below the minimum Tax level and therefore pay no tax at all, than in the rest of the U.K. A pointer to the relative levels of poverty in Scotland. Another anomaly is the number of people of pensionable age who continue to work, this would naturally be expected of Hill Farmers and Crofters whose incomes are desperately low, but it extends right across the board. In the U.K. the average number of Pensioners working is 6.6% of all pensioners. However in Scotland the ratio is 9.4%.

Also Included in the figures are Council Tax and Business rates, as quite properly these are taxes to be taken into account. Council Tax at 8.1% is lower than the population percentage of 8.6%. I have reasons to suspect that this figure is considerably higher in that a proportion of the Social protection account has been used by the DWP to pay the council tax bills of those on benefits.

Business rates are even higher at 9.6%. In Fraserburgh one high Street shop has a rates bill of a similar sized shop in Regents Street in London! One would expect Rural areas to have higher charges than Urban areas, but this does not account for the difference, which may occur to the high costs of providing the infrastructure for the Oil Industry on the East and North East coasts, but is more likely in the Central belt, to be the result of Labour Councils Bad Management, inefficiencies and profligacy.

Before we reach the concluding part, it would be a good idea to acquaint oneself with the various taxes and so would you please turn to APPENDIX A at the back and I will take you on a quick tour. Please note that when I refer to One Billion, I am talking about one thousand million, NOT the old convention of one million million.

### **VALUE ADDED TAX**

We start first of all with our old friends from Customs and Excise and the most easily recognized Tax of all: Value Added Tax. Scotland's share being £7.497 Billion or 10.3% of the Total. One would expect it to be lower than this due to the lower levels of personal spending, as is reflected in the GERS report which only highlights Household expenditures at 8.1% and does not include Business VAT contributions. However this 10.3% distortion is due to the fact that VAT is charged on Bottled Whisky and hydrocarbon Fuels as soon as they leave the Distillery bonded stores or the Refinery gates. It should be noted that Scotland has a higher production ratio in these commodities. Therefore GERS comes below 8.6% in line with the Population percentage.

### **HYDROCARBON OILS**

Hydrocarbon Oils at £4,389 Billions or 20.8% is more properly not a Tax but an Excise duty. Excise Duty is payable when the Fuels leave the Refinery gate and the high percentage reflects the dominant position of the Grangemouth Refinery in the UK. It should be noted that GERS only allocates £1.313 or 5.6% of Duty to Scotland and this could well be the result of the Refineries owners having their head offices in London where the excise duties are paid, thus distorting the true picture. Certainly in an Independent Scotland these revenues would be paid to the Scottish exchequer so to correct this anomaly I have calculated the fuel duty from the production figures.

### **TOBACCO DUTY**

Tobacco Duty at £1,002 Billion or 12.1% is more than the national average, but reflects the increased level of imports and manufactures in Scotland. This figure may alter in later years because of the ban on smoking in public places causing more people to give up smoking.

### **ALCOHOL DUTIES**

The GERS Report lumps four separate duties together at £703 Millions or 8.9%. However on investigation this figure is a gross underestimate of Alcohol production in Scotland which produces over 35% of all spirits distilled in the UK.

Thanks to figures produced by the Scotch Whisky industry I have arrived at a fair calculation of the duty generated. However this is still understated as Much of the production is credited to the London account by the fact of the head offices being located there. The breakdown is as follows : Whisky at £856 Millions or 35.9% This reflects the high output of Whisky and other spiritous distilling in Scotland. Beer at £437 or 14.1% again reflects the fact that Scotland produces more than her population would suggest. Just under one half is exported either to the rest of the UK or overseas. Wine and made wine at £192 or 8.6% may well be overstated even though large quantities of wine are imported into Scottish ports. There is insufficient information to comment further. The same applies to Cider and Perry, although foreign imports are increasing the figure is £14 Millions or 8.9%.

#### **BETTING AND GAMING**

Betting, Gaming and the Lottery represents £122 millions or 8.6%. There is no regional breakdown of these receipts so the national average of 8.6% has been applied.

#### **AIR PASSENGER DUTY.**

Air Passenger Duty represents £74 Million of receipts which is equal to the national level of 8.6%. In my opinion this is overstated as most air travel takes place from English airports not Scottish. Hard figures are not available.

#### **INSURANCE PREMIUM TAX.**

Insurance premium Tax is a nice little earner for the Chancellor. Although the national population percentage is used, I believe the revenues raised £204 Million, are understated due to the strength of the Scottish insurance companies.

#### **LANDFILL TAX.**

Landfill Tax at £69 Million (10.2%) is slightly higher than the national average. However figures are available for Scotland. The GERS report only allocates £57 million (8.5%) so guesstimates must have been used or a straight national percentage applied.

#### **CLIMATE CHANGE LEVY.**

It has proved impossible to apportion them by actual revenue raised in Scotland, so the Population percentage of 8.6% has been applied.

#### **AGGREGATES LEVY.**

Due to there being a higher production of aggregates in Scotland the revenues collected £47 Millions (14%) are higher than the norm. The GERS compilers obviously had access to the same data. This levy is due to increase as the Chancellor in yesterdays budget has increased the levy to £1.92p per metric tonne.

#### **INCOME TAX.**

Our old nemesis Hector the Tax Inspector holds out the Inland Revenue collection plate and takes £8.906 Billions from our hip pockets or 7.2% of all UK Income Taxes. As mentioned earlier, this is an indicator of the relative Wealth of Scotland compared to the UK as a whole. If we take the Treasury Population figure of 8.6% as being accurate, then this would indicate that wages and Salaries are some 16% lower in Scotland than they are in England.

#### **NATIONAL INSURANCE CONTRIBUTIONS**

National Insurance Contributions which are effectively a Tax, Contributed £6.410 Billion pounds or 8.2%. This heading reveals the same disparity in earning power of The Scots as opposed to the English levels. See my earlier comment on the facing page.

### **CORPORATION TAXES (Non North Sea)**

Non North Sea Company Corporation Taxes follow on at £4.611 Billion pounds or 15% of the UK Total. This is higher due to the relative profitability of Scottish Companies and firms and is especially true of Banking, Finance and Insurance. It should be noted that the GERS report shows a figure of £2,422 or 7.9% which is far too low, considering that the Royal Bank Of Scotland paid £2.38 Billions in Corporation tax. Are the authors of GERS seriously telling us that only the Royal bank paid Corporation tax? According to data for the top 500 Scottish Companies (Insider magazine January 2007 Page 22) The top 500 companies made taxable profits of £18.5 Bn on which yielded Tax revenues of £5.55 Billions of which £941 Millions is credited to the North Sea Oil account. This figure of £4.611 does not take any account of Corporation taxes paid by smaller Scottish companies. A Conservative figure for the smaller companies quite significant share of Corporation Taxes would be in the region of around £400 Millions. [http://www.hmrc.gov.uk/stats/corporate\\_tax/table11\\_1.pdf](http://www.hmrc.gov.uk/stats/corporate_tax/table11_1.pdf)

### **CAPITAL GAINS TAXES**

Capital Gains Taxes at £370 Millions or 16.2% is a reflection of the booming housing and property market which is fast catching up with English prices. It should be noted that the GERS Report only shows £186 Millions or 8.1%. I have taken the more reliable figures from the Oxford Economic review : Regional contributions to UK public finances. January 2007. <http://www.oxfordeconomics.com/Free/pdfs/regcont.pdf>

### **INHERITANCE TAXES.**

Inheritance Taxes at £258 Millions or 8.8% are nearly double the figure in GERS. Again I have used the more reliable data in the Oxford Economic review : Regional contributions to UK public finances. January 2007. <http://www.oxfordeconomics.com/Free/pdfs/regcont.pdf> Table Page 22.

### **STAMP DUTIES**

Stamp Duties account for £433 Millions or 4.8% actual which is well below the UK average, reflecting lower house prices in Scotland and that Scots have fewer opportunities for amassing wealth. However the GERS report shows £720 Millions or 8.0%. This is clearly incorrect as the Oxford data shows. Oxford Economic review : Regional contributions to UK public finances. January 2007. <http://www.oxfordeconomics.com/Free/pdfs/regcont.pdf> Table Page 22. There may be the case that Stamp duties paid by the Scottish Financial sector on Bonds, shares and other transactions are credited to the London account. There is no means of telling but this is a possibility which would mean the Scottish revenues are understated.

### **VEHICLE EXCISE DUTIES.**

Now we come to the other Taxes and Government receipts which will complete this tour, taxes such as Vehicle Excise Duty of £384 Million Pounds or 8.1% slightly below the UK average reflects the Duty paid on a New Car and Road Fund Duty. However due to the considerable number of Company vehicles purchased out with Scotland by Companies registered outside Scotland, but used on Scottish roads, the vehicle excise duty is clearly understated.

### **BUSINESS RATES**

Business Rates of £1.813 Billion Pounds or 9.6% are a regressive tax on profitable businesses. They are abnormally high in Scotland, because the mostly Labour local Authorities have never implemented the Standard Business Rate Laws brought in by the last Conservative government. Too many Labour Councils regard the Business sector as a milk cow to be exploited ruthlessly to make good their shortfalls in local taxation. This fact has led to far too many companies and small business' shutting up shop for good or moving south or onto the Continent where Rates or Land taxes are much cheaper. Scotland has the unenviable reputation of having one of the highest Business rates in the western world.

### **COUNCIL TAXES.**

Council Taxes of £1.615 Billion pounds or 8.1% reflect the costs of Council services in Scotland and something which is not listed separately are the Water charges which are almost double the privatised English and Welsh norm. In Scotland, The Councils collect the water charges on behalf of Scottish Water. In the rest of the UK, the charges are collected by the private water companies. However this is a minor distortion of the figures and can be largely ignored as statistically insignificant.

### **OTHER TAXES AND ROYALTIES**

Other Taxes and Royalties of £1.010 Billion Pounds or 8.6% have been allocated pro rata to the Scottish population average. There being insufficient information otherwise.

### **INTEREST & DIVIDENDS**

Interest and Dividends of £485 Millions or 8.6% have been allocated pro rata to the Scottish population average. There being insufficient information otherwise. As these are general receipts, it is logical to allocate the national share by population percentage.

### **GROSS OPERATING SURPLUS AND CROWN ESTATE RENTS**

Gross operating Surplus and Crown estate rents and Income of £1.223 Billion or 8.6%. The population ratio was applied even though I suspect there is an Element of North Sea Oil exploration licences in this figure.

### **OTHER REVENUES & ACCOUNTING ADJUSTMENTS.**

I include this topic as it is included in the GERS report. There is a negative figure of (£2.135) Billions for the entire UK of which (£177) Millions or 8.3% is allocated to Scotland. This may be because of the arcane methodology involved and possibly conflicts between several sources of Receipts used in GERS. In my view its sloppy accounting practice having (£2.135) Billions held in a suspense account. (In other words we don't know where to put it!)

### **EXTRA REGIO TERRITORIES (NORTH SEA)**

This section has been completely omitted from the GERS report even though this information is in the public domain. The division between the Scottish and English sectors has been set as Scotland having 95% of the revenues. Professor Kemp of Aberdeen University sets the share at 97.1%. However I have decided to err on the side of caution by setting the share at 95%.

North Sea Companies Corporation Taxes are next at £2.901 Billions or 95.0% of the Oil and Gas Sectors. The Corporation tax figures are those taken from Companies House Annual returns for Companies with registered interests in the Scottish Oilfields. It should be noted that many of these Companies have their head offices in London and the payments of Corporation Tax are credited to the London Account by the Treasury, Not Scotland! I have used the UKOOA annual report where clarification was necessary. This source was used for the primary figures:

[http://www.hmrc.gov.uk/stats/corporate\\_tax/table11\\_1.pdf](http://www.hmrc.gov.uk/stats/corporate_tax/table11_1.pdf)

Petroleum Revenue Tax at £1.220 Billion also represents 95.0% as being the Scottish Sector. Source:

[http://www.hmrc.gov.uk/stats/tax\\_receipts/table-1-2-jul-06.pdf](http://www.hmrc.gov.uk/stats/tax_receipts/table-1-2-jul-06.pdf)

North Sea Supplementary charge at £1.010 Billions is also reckoned to be 95.0% Scottish Sector. Source:

[http://www.hmrc.gov.uk/stats/corporate\\_tax/table11\\_11.pdf](http://www.hmrc.gov.uk/stats/corporate_tax/table11_11.pdf)

Finally the Crown estates seabed wayleave rights charges at £57 Millions of which Scotland's share is £49 Millions or 95.0%. Crown estates Wayleave rights are not insignificant as I have seen one UK Government document stating that £1.3 Billions has been raised this way since 1978.

There is no logical reason as to why the GERS report should exclude these figures which jointly amount to £4,985 Billion pounds which would greatly reduce their putative deficit of £11.2 Billion pounds. However their other understatements must also be taken into account.

This brings us to the totals and at this point the figures have a story to tell. The Total UK Taxation Revenues for the year to the 5th April 2005 were £447.431 Billion pounds. Now let us assume that figure is 100% of the total Taxation. Scotland with 8.6% of the population contributed £48.111 Billion Pounds or 10.8% of the total UK Tax revenues. The percentage population formula would assume that Scotland would contribute only £38.479 Billion pounds. In fact Scotland did much better by actually contributing an extra £9.632 Billions to the revenue pot.

Far from England subsidising Scotland as Prime Minister Blair claims, the reverse is true. Scots are subsidising the rest of the UK. Later on we shall see that the GERS report also overstates the amount of Government expenditure in Scotland, presenting the case that Scotland is an economic basket case which needs propping up by the UK treasury. If this were the true case then Westminster must clearly accept responsibility for gross mismanagement of the Scottish economy.

### **THE GERS EXPENDITURE ANALYSIS.**

The main source for my Information has come from the UK treasury website statistics URL Namely :

[http://www.hm-treasury.gov.uk/economic\\_data\\_and\\_tools/finance\\_spending\\_statistics/pes\\_publications/pespub\\_pesa05.cfm](http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/pes_publications/pespub_pesa05.cfm)

Other publications have been used for reference and these are listed at the foot of the appendices which follow this report. The GERS Report makes a great fuss about identifiable and non identifiable spending in Scotland and how difficult it is to define these two grey areas. After spending two solid months reviewing Government statistics, I have been pleasantly surprised at how few grey areas exist. Those that do exist can be calculated using logic and common sense. Therefore I have left out these two headings contained in the GERS report which in my opinion are used for obfuscation of the true facts. Actually the phrase "Smoke and Mirrors" comes to mind. This will avoid the easily preventable mistakes contained in the GERS report such as the £530 Million pounds of English Legal, Courts & Prisons spending being credited to Scotland's account whereas Scotland's Legal costs are covered in the Annual Barnett block grant.

### **GENERAL PUBLIC SERVICES.**

The GERS report gives the figure of £1,476 Millions, whereas the actual figure is £886 Millions giving a variance of £590 Million pounds. It should be noted that £530 Millions of this variance is accounted for by English Courts, prisons and Legal services which do not apply to Scotland. Which has her own Legal system. The balance can be attributed to the two major HMRC Offices at East Kilbride and Cumbernauld which have a UK wide remit.

### **EU TRANSACTIONS.**

The GERS report gives the figure of £(316) Millions, whereas the actual figure is £(69) Millions in line with the population ratio, giving a variance of £(247) Million pounds.

### **INTERNATIONAL SERVICES.**

The GERS report gives the figure of £480 Millions, whereas the actual figure is £486 Millions giving a variance of £(6) Million pounds understated.

### **DEBT INTEREST.**

The GERS report gives the figure of £2,086 Millions, whereas the actual figure is £2,110 or 8.6% Millions giving a variance of £(24) Million pounds understated. It is arguable considering that Scotland has been in surplus decade upon decade that Scotland should bear any part of this debt burden. However as this is a grey area, a population percentage has been applied.

### **DEFENCE LESS COSTS OF TRIDENT,**

The GERS report gives the figure of £2,431 Millions or 9%, which also charges the entire cost of the Trident system to Scotland, when in fact it is a UK wide commitment. In actual fact the correct figure is £954 Millions or 3.5% giving a variance of £1,477 Millions.

The GERS compilers have obviously taken the population plus Trident to arrive at their figure. Most of the so called unidentifiable expenditure is amply documented as being spent in SE England and Wales.

#### **TRIDENT NUCLEAR DETERRENT FORCE.**

The GERS report includes the True Trident costs of £1.7 Billion pounds in the general Defence expenditures whereas the actual figure is £146 Millions per the Scottish population ratio giving a variance of £146 Millions.

#### **PUBLIC ORDER AND SAFETY.**

The GERS report understates with their figure of £2,317 Millions, whereas the actual figure is £2,481 Millions giving a variance of £(164) Million pounds. I have a suspicion that the costs of Security for the Coulport Nuclear Storage facility and protection of the Royal family in Scotland are included here. In reality these should be a charge pro rata on the UK population as a whole.

#### **ENTERPRISE AND ECONOMIC DEVELOPMENT.**

The GERS report gives the figure of £679 Millions, whereas the actual figure is £516 Millions or 7.2% giving a variance of £163 Millions overstated.

#### **SCIENCE AND TECHNOLOGY.**

The GERS report gives the figure of £295 Millions or 12.1%, whereas the actual figure is 281 Millions or 11.6% giving an understated variance of £14 Millions.

#### **EMPLOYMENT POLICIES.**

The GERS report gives the figure of £803 Millions or 21.9 %, whereas the actual figure is £711 Millions or 19.4% giving a variance of £92 Millions.

#### **AGRICULTURE, FISHERIES AND FORESTRY.**

The GERS report gives the figure of £666 Millions or 12.2%, whereas the actual figure is £729 Millions or 13.4% giving a variance of £(63) Millions.

#### **TRANSPORT.**

The GERS report gives the figure of £1.702 Millions or 10.6%, whereas the actual figure is £1,413 Millions or 8.8% giving a variance of £289 Millions. These figures are suspect as there appears to be an element representing investment into transport infrastructures in London which has been allocated to the Scottish account.

#### **ENVIRONMENT PROTECTION.**

The GERS report gives the figure of £825 Millions or 12.0%, whereas the actual figure is £639 Millions or 9.3% giving a variance of £186 Millions. I have a question mark about the amount allocated to the Scottish account and it might be a good idea for a member of Parliament to ask a question in the house to verify the actual amount spent in Scotland as I suspect this amount is overstated by including spending in the rest of the UK.

#### **HOUSING AND COMMUNITY AMENITIES.**

The GERS report gives the figure of £1,279 Millions or 16.3%, whereas the actual figure is £893 Millions or 11.3% giving a variance of £386 Millions. The GERS Figure is clearly inflated as I suspect this amount is overstated by including spending in the rest of the UK.

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### **HEALTH.**

The GERS report gives the figure of £7,737 Millions or 9.4%, whereas the actual figure is £7,919 Millions or 9.6% giving a variance of £(182) Millions.

### **RECREATION, CULTURE AND RELIGION.**

The GERS report gives the figure of £950 Millions or 13.8%, whereas the actual figure is £746 Millions or 10.8% giving a variance of £204 Millions.

### **EDUCATION AND TRAINING.**

The GERS report gives the figure of £5,892 Millions or 9.0%, whereas the actual figure is £5,675 Millions or 8.7% giving a variance of £217 Millions.

### **SOCIAL PROTECTION.**

The GERS report gives the figure of £15.475 Billions or 9.4%, whereas the actual figure is £15.281 Billions or 9.3% giving a variance of £176 Millions.

### **NOTES ON APPARENT DISCREPANCIES.**

There are a number of arithmetical discrepancies between the statistical figures I have used and the same figures used by GERS. This is most probably due to the @Round function of the Excel spreadsheet used. There is a well known work around for this bug.

### **COMMENTS**

The GERS report tells us nothing useful about how an Independent Scotland would be able to run her own affairs. It does demonstrate that the present UK administration is bloated and cumbersome. An example of big government in action. For example the UK's PAYE System is very inefficient requiring 48.3 pence in every pound collected for its internal administration.

An Independent Scotland needs to consider more Radical Taxation methods and this author recommends 'The Flat Tax' system wherein both Tax and National Insurance contributions (A tax by any other name) are combined. Its simplicity makes it very cost effective to collect and with a personal allowance of £12,000 p.a. It would at a single stroke take 250,000 Scottish taxpayers out of the loop. One single rate of 29 pence in the pound on all earnings over the personal allowance is easy to administer both by the Government and the Employer.

Another idea would be for Scotland to become both a Free Trade area and an offshore tax haven which linked to the highly successful Financial services sector in Edinburgh would create a powerful and stable economy. Naturally, Scotland could not be a member of the EU as the Eurozone rules forbid Free trade areas and offshore Tax havens.

In Conclusion in the light of the statistics cited above, there can be no doubt at all why Scotland could not go it alone as an independent nation just as Norway and the other smaller European nations have done. We can give our citizens a higher quality of life whilst investing part of the Oil revenues into an Oil Fund for future generations to enjoy the benefits from.

Our pensioners will have pensions on which they can live in Dignity without the demeaning means testing for poverty. Schools that can invest in new buildings, equipment and teachers without incurring the crippling debts of PPP/PFI which will have to be paid by our grandchildren far into the future. A properly funded and run Health Service, free to all which does not ration healthcare by postcode or age. Again free of the PPP/PFI fiscal drain which benefits the private companies, not the Patients, the poorest of whom are ruthlessly exploited for profit in their hours of need.

Our Young people anxious to own their first home can apply to Housing Associations that can build the type of houses people want to live in. To build truly social housing not Labour's Stalinist monobloc, soul-less concrete deserts of the past.



Crofters and hill farmers who are the sturdy backbone of our rural communities can receive aid which stops the depopulation of our rural areas. Fishermen can rely on properly supported Fishing conservation measures which will preserve stocks ensuring they have a living and more importantly, stocks for their sons to fish in the future, protected by a small but efficient Navy, Army and Air Force.

Businessmen will be able to develop a vibrant economy for the benefit of all Scots, by having a business friendly regime of lower business rates and small taxes and in turn can increase the wealth of the nation by trading with the entire world through innovative means such as a Scottish Freeport. This is something that great thinker Adam Smith envisaged centuries ago and something we Scots can make a reality through efficient communications by Land, Air and Sea will facilitate this trade. Communications planned and implemented by Scots not some dis-interested foreign government.

Ladies and Gentlemen of Scotland, the Future lies in your hands. Have I made a the case that our Government have continuously deceived us for many years about Scotland's Oil and Gas resources as revealed by the McCrone Report recently released. Then the GERS figures which purport to show Scottish finances cannot support Independence. The Great Deception is revealed, do YOU personally still believe it?

Signed. Niall Aslen.  
22<sup>nd</sup> March 2007.  
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Sources used in compiling this article which includes 1,781 pages of various publications are as follows:

The GERS Report itself <http://www.scotland.gov.uk/Publications/2006/12/11084016/0>

<http://www.hmrc.gov.uk/stats/>

<http://www.oxfordeconomics.com/Free/pdfs/regcont.pdf>

[http://www.hm-treasury.gov.uk/economic\\_data\\_and\\_tools/finance\\_spending\\_statistics/pes\\_publications/pespub\\_pesa05.cfm](http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/pes_publications/pespub_pesa05.cfm)  
(Note. You may have to cut and paste this link into your browser.)

UKOOA Annual Report 2006 (Hard copy)

Insider magazine January 2007 edition.

Institute of Fiscal Studies Report. Briefing note 9.

Economic Outlook. Regional contributions to UK Public finances. Oxford University.

Adam Smith Institute Briefing note: A Flat tax for the UK by Richard Teather.

**APPENDIX A.**

**U.K. Treasury / GERS Comparitor Taxation Figures 2004/05.**

Description of Tax.	U.K. Whole	Percent	Scotland	Percent	GERS UK FIG	GERS	Percent
	£ Millions	%	£ Millions	%	£ Millions	£ Millions	%
Value Added Taxation	£73,058	100	£7,497	10.3%	£73,026	£5,949.00	8.1%
Hydrocarbon Oils	£23,314	100	£4,839	20.8%	£23,313	£1,313.00	5.6%
Tobacco	£8,103	100	£1,002	12.4%	£8,100	£984.00	12.1%
Spirits (Inc Whisky)	£2,385	100	£856	35.9%	£2,386	£212.00	8.9%
Beer	£3,101	100	£437	14.1%	£3,101	£276.00	8.9%
Wine and made wine	£2,233	100	£192	8.6%	£2,234	£199.00	8.9%
Cider and perry	£157	100	£14	8.9%	£157	£14.00	8.9%
Betting, Gaming & Lottery	£1,421	100	£122	8.6%	£1,421	£122.00	8.6%
Customs Duties & Agricultural levies	£2,195	100	£189	8.6%	£2,195	£179.00	8.2%
Air Passenger Duty	£864	100	£74	8.6%	£864	£73.00	8.4%
Insurance Premium Tax	£2,369	100	£204	8.6%	£2,359	£200.00	8.4%
Landfill Tax	£674	100	£69	10.2%	£672	£57.00	8.5%
Climate Change levy	£772	100	£66	8.5%	£764	£75.00	9.7%
Aggregates levy	£335	100	£47	14.0%	£334	£45.00	13.4%
<b>Total Customs &amp; Excise</b>	<b>£120,981</b>	<b>100</b>	<b>£15,608</b>	<b>12.9%</b>	<b>£120,926</b>	<b>£9,698</b>	<b>8.0%</b>
Income Taxes Net of Tax Credits	£122,920	100	£8,906	7.2%	£122,920	£8,914.00	7.3%
National Insurance Contributions	£78,098	100	£6,410	8.2%	£78,098	£6,461.00	8.3%
Corporation Taxes (Non North Sea)	£30,740	100	£4,611	15.0%	£29,730	£2,422.00	7.9%
Capital gains Taxes	£2,283	100	£370	16.2%	£2,278	£186.00	8.1%
Inheritance Taxes	£2,922	100	£258	8.8%	£2,924	£171.00	5.9%
Stamp Duties	£8,966	100	£433	4.8%	£8,966	£720.00	8.0%
<b>Total Inland Revenue</b>	<b>£245,929</b>	<b>100</b>	<b>£20,988</b>	<b>8.5%</b>	<b>£244,916</b>	<b>£18,874</b>	<b>7.7%</b>
Vehicle Excise Duties	£4,737	100	£384	8.1%	£4,737	£348.00	7.3%
Business Rates	£18,975	100	£1,813	9.6%	£18,975	£1,813.00	9.6%
Council Taxes	£19,966	100	£1,615	8.1%	£19,966	£1,615.00	8.1%
Other Taxes and Royalties	£11,741	100	£1,010	8.6%	£11,741	£978.00	7.3%
Interest and Dividends	£5,639	100	£485	8.6%	£5,639	£460.00	7.3%
Gross Operating Surplus and Crown Estate Rents	£14,216	100	£1,223	8.6%	£22,668	£2,826.00	19.9%
Other revenues and accounting adjustments					(£2,135)	(£177.00)	8.3%
<b>Total Other Taxation</b>	<b>£75,274</b>	<b>100</b>	<b>£6,530</b>	<b>8.7%</b>	<b>£81,591</b>	<b>£7,863</b>	<b>7.3%</b>
Extra Regio Territories (North Sea)							
Corporation Taxes North Sea Scot.	£2,901	100	£2,756	95.0%			
Petroleum Revenue Tax	£1,284	100	£1,220	95.0%			
North Sea Supplementary charge	£1,010	100	£960	95.0%			
Crown Estates Seabed wayleave rights	£52	100	£49	94.2%			
<b>Total Extra Regio Territories (North Sea)</b>	<b>£5,247</b>	<b>100</b>	<b>£4,985</b>	<b>95.0%</b>			
<b>GRAND TOTALS</b>	<b>£447,431</b>		<b>£48,111</b>	<b>10.8%</b>	<b>£447,433</b>	<b>£36,435</b>	<b>8.1%</b>
Treasury Estimate of Scottish Population is that of 8.6% of U.K. Total. Therefore Tax Burden Calc.			<b>£38,479</b>	<b>8.6%</b>			
Surplus Generated by Scotland all sources			<b>£9,632</b>				

**U.K. Treasury / GERS Comparitor Expenditure Figures 2004/05.**

Description of Tax.	U.K. Whole £ Millions	Percent %	Scotland £ Millions	Percent %	GERS UK FIG £ Millions	GERS £ Millions	Percent %	Variance GERS v Actuals
General Public services	£13,248	100	£886	6.7%	£13,247	£1,476.00	11.1%	£590.00
EU Transactions	(£799)	100	(£69)	8.6%	(£799)	(£316.00)	39.5%	(£247.00)
International Services	£5,654	100	£486	8.6%	£5,654	£480.00	8.5%	(£6.00)
Debt Interest	£24,543	100	£2,110	8.6%	£24,543	£2,086.00	8.5%	(£24.00)
Defence £28,622 Bn Less Trident £1.7 Bn	£26,922	100	£954	3.5%	£28,622	£2,431.00	9.0%	£1,477.00
Of which Trident Nuclear Deterrent force	£1,700	100	£146	8.6%			0.0%	(£146.00)
Public Order and Safety	£28,747	100	£2,481	8.6%	£28,748	£2,317.00	8.1%	(£164.00)
Enterprise & Economic Development	£7,177	100	£516	7.2%	£7,178	£679.00	9.5%	£163.00
Science and Technology	£2,432	100	£281	11.6%	£2,432	£295.00	12.1%	£14.00
Employment Policies	£3,661	100	£711	19.4%	£3,661	£803.00	21.9%	£92.00
Agriculture Fisheries and Forestry	£5,441	100	£729	13.4%	£5,442	£666.00	12.2%	(£63.00)
Transport	£16,059	100	£1,413	8.8%	£16,060	£1,702.00	10.6%	£289.00
Environment Protection	£6,872	100	£639	9.3%	£6,872	£825.00	12.0%	£186.00
Housing and Community Amenities	£7,869	100	£893	11.3%	£7,869	£1,279.00	16.3%	£386.00
Health	£82,564	100	£7,919	9.6%	£82,564	£7,737.00	9.4%	(£182.00)
Recreation Culture and Religion	£6,886	100	£746	10.8%	£6,887	£950.00	13.8%	£204.00
Education and Training	£65,421	100	£5,675	8.7%	£65,421	£5,892.00	9.0%	£217.00
Social protection	£163,868	100	£15,281	9.3%	£163,868	£15,457.00	9.4%	£176.00
<b>TOTAL</b>	<b>£468,265</b>	<b>100</b>	<b>£41,797</b>	<b>8.9%</b>	<b>£468,269</b>	<b>£44,759</b>	<b>9.6%</b>	<b>£2,962.00</b>

Difference between Actuals and GERS

**(£2,962.00)**