

Fanciful figures

This week we saw a couple of sets of fanciful figures intrude on the debate. There was Labour's 10,000 police at £30 a year salary, hastily adjusted to £8000 a year, still way below what we normally pay our officers. Then there was the FT's take on the EU bill for the UK leaving the Union, at Euro 100bn.

The first sets of numbers were mistakes, and have been adjusted upwards as much Labour spending will need to be to make it realistic. £300 m a year is nearer the mark.

The second story that the UK owes up to Euro 100 bn is just silly. There are no legal obligations to pay beyond the sums we owe for our regular contributions over the next twenty two months before we leave. If they want a political deal on money, then of course they would need to knock off our share of the assets. I don't see that is a sensible or attractive way to proceed for them. They should just accept the Treaty that allows for no special bill.

The UK should continue to be friendly, outward going and positive about it all. We should continue to stress the great deal we are proposing for our future relationship. Free access to our market for all their exporters. Guarantees for all their citizens living and working in the UK. Continued large UK contributions to the defence, security, research and culture of Europe.

Stable and strong leadership is needed by the UK, to be optimistic but to be firm in resisting silly proposals that have no basis in law or political reality.

The EU disobliging briefings sound as if they are coming from people who suddenly realise their negotiating strategy of pressurising a member state into seeing it their way is not going to work. The EU thought the UK would want to stay in the Single market Custom Union. They could then seek to charge us for that. It was always a silly assumption, as the UK clearly wants to make its own free trade agreements with the rest of the world which means leaving the Customs Union. The UK was also clear it wanted to stop paying the money. It is the Commission who are most worried about the loss of the UK's contributions, at its their budgets and salaries that will suffer.

The way countries pay to trade with other reluctant countries is via tariffs. If the EU wants to put tariffs up against us, it can only do so to a limited extent under WTO rules. It would be a lot cheaper than the bills we are hearing about. In return we can impose more tariffs on them given the nature and volume of their exports to us. That is why I have always thought it likely in the end they will want tariff free trade. It is, of course, always possible they wish to self harm. However, it seems it is more the EU Commission that favours a tough approach as the harm is to the member states, not to the Commission itself. The member states are more likely to wake up to the harm it could do their export companies and especially their farmers and want a more sensible approach.

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