

The UK needs to strengthen its negotiating position

Instead of asking for a transition period prior to any Agreement the UK should ask the EU do they want a comprehensive free trade Agreement with us or not. If no, we should just get on and leave in March 2019 under the WTO option. We would pay them nothing and be able to put in our own border, fishing and other policies immediately.

If the answer is yes then set a deadline to sort it out this year and see what else we might agree to in return. Nothing is agreed until everything is agreed. There is no point in paying them lots of money for a worse deal than the WTO option. Nor should they stop us getting on with negotiating free trade agreements with others over the next year to be ready for April 2019.

Sterling rises again – what will now happen to inflation?

The pound fell from \$1.71 in July 2014 to a low of \$1.46 in April 2015, well before a referendum was planned or thought at all likely. There was not a lot of fuss or comment about that.

The pound fell from around \$1.45 before the vote in June 2016, to \$1.29 after the vote. It fell again to a low of \$1.21 in response to the Bank of England's decision to cut interest rates and have additional Quantitative easing in the Autumn of 2016. Many commentators and many parts of the media made a lot of this fall, and claimed that it would lead to a rapid and damaging inflation. The entire decline of the pound was attributed to Brexit, though as the numbers show much of the decline of the pound had occurred before Brexit was in contemplation and before the City thought Brexit would win.

Since the low, the pound has now risen to \$1.43, more or less back to where it was before the Brexit vote, assisted by the restoration of the interest rate cut by the Bank of England, and to the ending again of Quantitative easing. There has been little media fuss about this, and no commentary saying that inflation should now collapse as the pound has risen by 19% from the low against the dollar. It has also risen against the yen and on the trade weighted.

Isn't it about time the media invited back all those commentators who got it so wrong again? They were given plenty of airtime to talk the pound down and tell us it would fall further. Instead it went back up. They went on to

argue that a falling pound meant higher inflation as price rises came through. At the time I said they were exaggerating the impact of the pound on shop prices, that the pound could go up as well as down, and that apart from the immediate aftermath of the vote the pound would usually be moved by forces other than the Brexit vote. So it has proved.

Do I think inflation will now fall sharply from the strong rise in the pound? No, but then I didn't claim inflation would soar when the pound went the other way. Those who said the pound was the main force on UK inflation have some explaining to do. Or alternatively why don't they come back on the media and tell us how wonderful it is going to be as prices sink on the back of a stronger currency?

UK Inflation has been more affected by energy prices which have been rising, and by taxes and public sector charges than by movements in import prices.

Mrs Merkel, Mr Macron and free trade

The Merkel and Macron speeches at Davos were hailed by the media as statements promoting free trade. If we are to believe them, they should take up the UK's offer of a comprehensive free trade agreement between the UK and EU and make sure it is complete by March 2019.

Transition to what?

I have told Ministers this week that I do not want a two year Transition period agreed anytime soon before we know what if anything we are going to transit to. If there is no Agreement on a comprehensive Free Trade deal and wider partnership then we should just leave in March 2019 and get the full benefits immediately of paying them no more money and being able to change our laws and control our own borders as we see fit. That is what Leave voters voted for.

The Prime Minister has always said she would consider an Implementation period after March 2019, but that implies there is an Agreement to implement. She also said it should be as short as possible, and of variable duration depending on the clauses of the Agreement to be implemented and their complexities. None of this is needed if there is no acceptable deal. Her argument for considering an Implementation period was to avoid a double adjustment – first to being out, then to the terms of a new Agreement. That makes sense. By definition you cannot know what if anything you need for

implementation before you have even started negotiating the trade agreement.

Neither Remain nor Leave voters will be happy if we replicate the obligations and costs of EU membership without any longer being a voting member of the Council. Leave must mean leave. That means taking back control of our money, our borders and our laws, and leaving on 29 March 2019 as agreed.

Unemployment down again in Wokingham

The Wokingham constituency figures for unemployed people fell again in December 2017, and were 35 down on December 2016. Those between the ages of 18-24 saw a welcome decline of 25, leaving 45 now without a job. Total unemployment in Wokingham is at 0.7% of the workforce. This means Wokingham is the seventh lowest unemployment rate of all 650 constituencies in the country.

It is good news that unemployment is so low, and good news that Wokingham recovered well from the great recession at the end of the last decade which did cause substantial job losses. A number of local employers are looking for new employees, so those who remain out of work have opportunities to find something suitable.