

## Public borrowing forecasts were far too gloomy

Yesterday we got news that the total net borrowing of the public sector was £42.6bn. This compares with the March 2017 budget forecast of £58.3bn. So the result was £15.7bn or 27% lower than forecast.

This reflects the general gloomy bias of official forecasts. It does matter, because Ministers rely on these forecasts to make spending and tax decisions. If forecasts are unrealistically gloomy they can also adversely affect confidence and outlook.

The public sector net cash requirement was similarly overstated in the Budget estimates.

I understand the difficulty of getting these forecasts exactly right, but they should strive to offer realistic forecasts.

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## England and St George

Yesterday I was invited to give a short talk at a St George's Day reception in Parliament. Present were representatives of the Royal Society of St George.

I began by commenting that England to many in Parliament is the forgotten country. England is so often unassuming and quiet. It was perhaps fitting that this particular event should take place the day after St George's day as if an afterthought, however much it was uppermost in the minds of its keenest supporters. Events and bookings had conspired to let England take her place a day late.

April 23rd is memorable not just as England's special day, but also as Shakespeare's birthday. The conjunction reminds us of some of the richness of drama and literature that England has shared with the world. Our ancestors have been bold and enterprising, innovative and entertaining. We have given many sports, cultural events and technologies to the world, and have been greatly engaged in exploring and bringing together the trading empires and outposts of our globe.

In recent years Labour did its best to fracture the United Kingdom with its lop sided devolution. England has accepted this settlement, where Scotland has a Parliament, Wales and Northern Ireland have Assemblies, and England has no such recognition. The last government went half way to tackling the injustice in Parliament by preventing the Union Parliament from forcing onto

England a law its MPs do not want, but fell short of giving us the complementary power to propose and advance legislation that England wants without needing the consent of the rest of the Union Parliament.

I did not renew my vows on a new English constitutional settlement in the 2017 election, because the priority is Brexit. That is constitutional change enough for one Parliament. The people of England voted for Brexit by a larger majority than the people of the whole Union. England now expects their Union government to deliver.

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## Trade wars

There is a new misleading Remain argument around at last. They have seized on Mr Trump's push back against China and are claiming this means the UK will become dependent on the WTO just at the point where the USA is undermining the world trading system.

This is another spectacular misunderstanding. Mr Trump is pushing hard bilaterally, and has already secured some relaxations of trade from China as a result of his actions. The USA and China remain members of the WTO and have to put their actions into a WTO legal framework. Mr Trump has so far bypassed WTO just over steel and aluminium, by claiming national security, but is pushing other changes through the usual WTO processes. There is no question of the USA leaving the WTO. Both the EU and the UK will continue to be governed by WTO rules after we have left the EU. The aim of Mr Trump is to end up with more access to China's markets, as he draws attention to the lack of symmetry between China's access to the USA and US access to China. It is highly likely he will secure more access, and thanks to WTO rules that will help us as well as the USA. Whatever China offers the USA she will have to offer the other WTO members.

The EU is now trying to exploit this argument as well. They are telling us that the UK with just 2.5% of world trade will not be as influential in the WTO as the EU with 13% of world trade after the departure of the UK. This too is a misunderstanding of how the WTO works. Small countries as well as large countries are looked after and helped by the WTO as long as they are pushing for freer trade. The WTO looks forward to the UK getting its vote and voice back in the WTO as the UK will be an important voice for freer trade worldwide, and will be seeking bilateral free trade agreements with countries that do not have them with the EU.

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## Why do so many former senior civil servants want to stay in the EU?

The uniform voting of former senior civil servants in the Lords against Brexit mirrors the work of many interest groups and Remain supporters to seek to recreate our membership of the EU as we leave. The former civil service sees every change or withdrawal from an EU body or system as a problem, and they seek as an answer keeping it by proxy or opting back into it. This is not what we voted for. Ministers supervising work on Brexit need to push back harder on any advice they are getting which reflects the Lords critique of Brexit. The civil service of course has a duty to tell Ministers of any pressing problems, but also a duty to help Ministers push through good answers to those issues that result in implementing the agreed policy of Brexit. Neither side in the referendum will be happy if we recreate an EU membership by proxy from outside.

I have spent many years wondering why so many officials have been so keen on this institution. I concluded that they like its unique combination for them of unaccountable power and dispersal of responsibility. Officials do much of the detailed work with their opposite numbers in 27 other countries on the agenda, laws and programmes of the EU. UK Ministers have to work hard to have any influence on the process, and many don't bother, just accepting what the EU throws up as something they cannot control. EU laws and policies can be used by officials to block things elected Ministers want to do.

Even better the EU system means no-one is to blame. If you don't like one of their laws its origins are lost amongst the government of 28 states and the Commission. Try pushing for amendment or repeal and see how undemocratic it is. The legislative process is formally conducted around the Council of Ministers table without outside observers or press present, and the detailed and often effective legislative process is undertaken by Commission officials often in conjunction with big business and powerful lobby groups also without proper transparency.

We voted to leave this system because people cannot sack those responsible for its actions as you can the Ministers of a national government. A leave deal which doesn't understand this is a bad deal and should not be accepted.

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## Globalists versus Little Europeans

How many more times do we have to debate staying in the Customs union? The Commons has twice had important lively debates, and has twice voted decisively to leave the Customs Union in accordance with the views of both the Remain and Leave campaigns in the referendum that we would have to or

want to. The amendment to the EU Withdrawal Bill in the Commons to keep us in the customs union was defeated by 322 votes to 99. The proposed amendment to the Queen's speech debate along similar lines was rejected by a similar margin. The whole Bill without customs union membership was approved by 324 to 295.

Remain always wanted to make the referendum a debate just about trade. Leave countered that it was a debate about something much bigger. It was a debate about democracy itself, and who is in charge. We voted leave to take back control of our money, our borders, our laws, and yes also our trade policy. In the referendum debates I always stressed both that it was in the EU's interest to accept the UK's likely offer of a free trade deal, and that they might nonetheless decide to self harm. Given the imbalance in trade and the fact that tariffs are only high on agriculture, the UK could do just fine on WTO terms.

The trade debate itself is one between Little Europeans and Globalists. The Remain case was always contradictory. They say that WTO terms on UK/ EU trade would be deeply damaging to the UK, but our bigger trade with the faster growing rest of the world on WTO terms was just fine! Remain decided to grossly exaggerate possible adverse effects of agricultural tariffs on the UK, a net importer, and ignore them on the rest of the EU, the net exporter! During our membership of the CAP and CFP we have lost market share and ended up as heavy importers. Meanwhile we are banned from buying cheaper imports from non EU sources, where they make us impose large tariffs.

We globalists constantly pointed out in the referendum that the EU Customs Union was a nasty set of restrictions on our trade with the rest of the world. They are especially damaging to poorer countries who would like to sell us their food at good prices but face large tariff walls. The Leave side had its own debate between those who think like me we should bargain away some of these tariffs for free trade deals with many countries, and those who wished unilaterally to sweep away many of the food tariffs and go for cheaper food straight away.

I find it difficult to accept another Groundhog day where the Remain politicians and media wish to relaunch their incoherent Little European approach to trade, and wish to reinforce the EU's aggressive stance against food producing poor countries. Giving a bit more aid is no substitute for trade which could help lift the incomes of poorer countries more quickly.

I am a globalist in this debate. It is better for the emerging countries. It is also better for UK farms and fishermen, who will recapture market share from the continent when we leave properly.