

## Catalan independence

The Spanish state refuses to allow the Catalans a vote on whether they wish to be independent of Spain. The elected Catalan government is preparing for a referendum at the beginning of October to decide whether to stay or go. The Madrid government argues this is against the Spanish constitution and refuse to sanction such a vote. Polls suggest the independence side is a little behind.

The Spanish state is now arresting and bringing charges against Catalan politicians who are preparing this vote. They are seizing ballot papers, and withdrawing powers and money from the Catalan government to stop the vote taking place.

The EU in its earlier days encouraged regional governments and often appealed over the heads of national governments to them. It created a Committee of the Regions and prefers to run various programmes by sending cash direct to regional administrations. Now it is more nervous of the centrifugal pull of regions, and keener to help member states that face disruptive regions.

The heavy handed approach of the Spanish state may be making more Catalans favour independence. It is strange to see a western democracy going to such lengths to stop a vote which an elected regional government wants. When Scotland wanted something similar the UK state granted it. Its not something to do too often, but when there is a strong head of steam behind such an issue and no vote has taken place for a long time it is a pity opinion can be thwarted. The EU once again backs the anti democratic forces.

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## What we want from Brexit

I am tired of listening to endless negotiations amongst ourselves. There are too many interests and individuals who want to undermine the UK position by constantly urging us to make concessions. It is even more bizarre that they do so before the talks have even begun about our future relationship.

It is time to remind ourselves of why a majority voted to leave. We expect a better future as a result, with or without a deal with the EU.

Out of the EU we can spend the £1bn a month of net contribution on our priorities, as I proposed in my suggested post Brexit budget

Out of the EU we can set our own taxes. We can for example remove VAT from green products, domestic fuel and female sanitary items.

Out of the EU we can decide how to spend the money we do get back from the

EU. We may have better ways of subsidising our farming, for example.

Out of the EU we can regain control of our fishing grounds and have a fishing policy that is kinder to both our fish and our fishermen.

Out of the EU we can sign free trade agreements with countries like the USA, Australia and New Zealand that the EU has not bothered to settle.

Out of the EU we can shape our own laws, and Parliament can respond to UK public opinion where people want change.

Out of the EU we can have our own migration policy, inviting in those we wish, and controlling the numbers coming to take low paid unskilled jobs.

It will also be better for the rest of the EU, as they can press ahead with their currency, economic and political union without the UK trying to slow them down, block them, or opting out.

We can have a more positive relationship when we and they are free to do as we wish.

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## [Governor Carney does more twisting and turning over interest rates.](#)

The Governor of the Bank of England has a consistent track record over interest rates. Three times he stated conditions for a possible increase, only to fail to put them up each time we reached those conditions. He then followed this tour de force by actually lowering them instead.

He has now again suggested rates might need to go up soon. Why should we believe him this time? He has after all made a mess of forecasting the economy for the period after the Brexit vote, expecting a sharp slow down and technical recession when for the first half year after the vote the economy accelerated. He has also shown a marked inability to predict his own actions in the past.

His latest reasoning is based on the thesis that overseas rates are trending upwards. The markets instead think US rates are going to stay down as they edge instead towards cancelling some of the QE and bonds they have bought up. Rates in large countries like India and Brazil are coming down, whilst rates in the Euroland and China do not look as if they are about to rise.

He also alleges that Brexit could harm the UK's productive capacity and thus worsen the trade off between inflation and growth. This reveals two substantial misunderstandings about our modern economy. The first is that if by any chance we do leave with no trade deal there will be considerable

demand for imports to substitute for items like food where EU imports suddenly become dearer thanks to tariffs on top of the dearer Euro. As we have a large deficit it could actually boost productive capacity. The second is the Bank's old fashioned idea that as you approach capacity working so inflation shoots up ignores the simple fact that we are running an open economy. If we run out of domestically produced tomatoes we import a lot from somewhere else rather than putting up the price of UK ones. If UK wages costs start to rise the EU sends us plenty of extra workers to keep the wages down.

I note now that the pound is only 4% below its average in the months running up to the referendum against the dollar, and only 2% below against the yen. We don't hear about the pound anymore from all the Remain facing media! The Euro meanwhile goes from strength to strength against all major currencies.

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## University fees

Labour, Conservatives and Liberal Democrats have all in opposition opposed university tuition fees for some of the time. All in government have signed up for them and increased them.

There is growing unrest about these fees, as people feel £9000 is too much for some courses at some Universities. The answer then, is not to apply there. Governments had hoped there would be a market for university courses, with lower fees for the less well rated places and subjects. Instead universities decided to all price at £9000. Why signal your place or course is not as good as the best by offering a lower tariff?

In practice employers and the wider community do distinguish between courses and universities, prizing some more highly than others. The Universities might not like it, but they cannot prevent the publication of elaborate league tables showing Oxbridge and the Russell Group as more prestigious places to go than the names at the bottom of these publications. So why then do they not use price to attract students?

There are two main reasons. Setting a lower price for your course confirms what is otherwise a guess or opinion that that course is of lesser value. The more lowly rated universities can still fill enough places at £9000, so why not keep the prices up?

The truth is some courses cost a lot more than others. Offering a good science course in the centre of London with all the labs, property and equipment must be a lot dearer than offering a humanities course out of property 200 miles or more from the capital. Some of the cheapest courses to run are ones at the bottom of the unofficial lists of quality, giving to them the highest margin. I read that some in government now object to universities charging too much and making a surplus.

The danger of a blanket cut in the fees is that it damages the great institutions that are world class, who are spending large sums on facilities and teaching and often cross subsidising UK undergraduates. One of the UK's big advantages as we go through Brexit is we have a good concentration of high class universities capable of great research which can have spin off for economic development. This would be an odd time to anger them and to disrupt their development.

There is no easy answer to the imperfect functioning of the university market for UK undergraduates. What we need is more demanding applicants, prepared to ask for better value fees where the costs of provision are low and the ranking of the course below average.

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## How complicated is Brexit?

I have often said that "Brexit could be easy", and have gone on to explain how the army of consultants, Remain liking government officials on both sides of the Channel, and the EU Commission will doubtless slow it down and make it more complex. My critics change "could" to "will be" when commenting and claim I do not understand how complex people will make it.

Let's have another go at explaining the dispute. At the high level Brexit is easy. The country leaving sends an Article 50 letter. Two years later it leaves, with or without a deal concerning the future relationship. It could of course leave sooner than two years were both sides to want to make it easy. All the EU has to do is to confirm it wants tariff free access to our market with no new barriers and we can get on with registering that as an FTA at the WTO. Otherwise the UK and the EU trade with each other as all non EU members trade with the EU today.

The EU however wants to get rid of the UK as a force to slow down monetary and political union, but is very keen not to lose the UK's substantial financial contributions. Its negotiating strategy is to delay at every available opportunity, as each month of delay is another £1bn. Each month's delay is also another opportunity to watch the UK indulging in an absurd negotiation with itself, leading some in the EU to conclude the UK is likely to prove weak, Some in the EU think if they play it long the pro EU forces that remain in the UK may succeed in demanding further large payments to the EU . Some hope for a new subservient relationship for the UK which will remain in some close association of a legal kind that stops it gaining full control of its laws, borders and budgets without offering the UK any influence over the EU approach to these matters.

The government's official position clearly rejects any such approach. The government has rejected continued membership of the single market and Customs Union, on the basis that both the Leave and Remain campaigns said these would not be available without budget contributions, freedom of movement and the

rest which we rejected in the referendum. The government has discussed possible interim periods or implementation periods if things are agreed for our future relationship that take a bit longer to fix. They are not currently asking for any such thing in the talks, as you would need an Agreement first before deciding how you implemented it!

It is one of the stupid myths that asking for a comprehensive Transitional period would solve anything. One or two more years of full membership duties to spend more time arguing over the future relationship should suit neither party, and would increase the period of uncertainty for business. You only need to ask for interim periods or delays if there is a good Agreement accepted by both sides with difficult technical issues that cannot be fixed quickly.

The scares of no planes flying, lorries sitting in jams at Dover and trade disrupted are irresponsible. It is in neither sides interest on the day we leave to run their affairs so badly that they disrupt EU and UK citizens going about their business. Governments, EU and domestic, are our servants. The UK is getting on with putting in a customs and borders system that will work from 30 March 2019. Doubtless the EU will do the same, as they have to answer to the farmers, factories and businesses of the continent who will expect continuity and smooth running. Both sides have to conform with WTO rules, abide by international law and allow independent courts to uphold private contracts that will continue to operate.