

## Why the WTO option works fine

There is no cliff edge. We can trade with the rest of the EU as we trade today with the rest of the world under the WTO umbrella we share with the EU. A deal to provide tariff free trade after we left would be better but it is not essential and cannot be guaranteed.

Brexit voters voted to take back control. That included taking back control of our money, our laws and our borders. Any Agreement that entails continued payments to the EU, continued control from the ECJ, and continued surveillance of our entire law code does not fulfil the instruction of UK voters to leave.

Let's just look at the pluses from leaving without a deal.

We can start to spend the £12 bn a year we will save, on our priorities.

We can remove VAT from items we do not want to charge it on but have to.

We can sign trade deals with the many countries in the rest of the world that would like freer trade with us.

We can set a regulatory framework with high standards for our banks and financial services which does most to attract global business to the UK

We can pass the laws we want on everything from animal welfare to energy to transport to meet our own needs and high standards

The new Project Fear concentrates on saying the food basket will get dearer with tariffs against continental foods. We will be able to give the tariffs we collect back to our consumers as tax cuts so they will not be worse off. We will also be able to buy more from UK farmers and non EU farmers at cheaper prices than EU tariffed product. We could remove all tariffs from items we cannot produce in our climate.

They also say we will not have functioning borders for EU trade if we go the WTO route. Of course we will, and there is time enough to put them in place by 2017.

The UK must stop negotiating with itself. It is not a petitioner in a weak position. We can just leave.

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## Social care and the NHS

Social care largely delivered by Councils with the help of a range of contractors and service suppliers needs to work smoothly alongside the NHS.

Councils have a vital role to play in helping reduce the burden on NHS hospitals. It is too easy to place elderly and infirm individuals into hospital where they should be safe, even though they do not need hospital treatment. They may go in for tests, only to have to stay because there is no sufficient care package to allow them to go home alone. Hospitals are also open all hours and at week-ends, whereas social care services may be more restricted outside weekday regular hours.

Social care nurses or executives may think it prudent to send someone for tests after an incident even though there are no signs of harm and even though the patient is saying they are not in pain or difficulty. It often takes time to assemble a case conference and assessment to upgrade care so an individual can look after themselves with suitable support.

Social care also needs to work well alongside GPs, and with hospitals after the discharge of patients. Elderly and infirm individuals may need help with daily tasks, and need some supervision or assistance with a course of treatment at home. It can be cheaper as well as better to take the care to the patient, but needs organising successfully.

Councils say they need more resource to do their jobs well, whilst hospitals are worried that they are still having to look after people who could manage at home with suitable help. The border disputes between the NHS and social care go back a long way and have happened under a variety of governments. There is no easy solution, but it would be good if Councils and the NHS can improve their joint working where there currently issues with bed blocking or inadequate medical back up out of hospital.

I would be interested in comments on this matter. I am not raising it as a result of any local complaints which I would handle in another way.

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## **Bank of England tightening continues**

In February the Bank of England's Term Funding Scheme for commercial banks runs out. This may well curb credit further. The latest survey shows Bank action to reduce consumer borrowing is having an impact with commercial banks beginning to rein in offers of new credit. There is also a fall in new buyer enquiries for homes as the Bank talks of higher interest rates and less credit.

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# Was this the undercurrent conversation at the EU dinner?

Prime Minister

It is a pleasure to be here with you today for dinner. I come to renew my friendly proposals about our future relationship. The UK wants a comprehensive and deep partnership with the EU. We will offer you tariff free access to our market with no new barriers. We will continue our substantial contribution to European security and intelligence. We will carry forward joint working on space , science, academic life and much else. We will continue our welcome for all EU citizens legally settled in the UK

Mr Juncker

Thank you for coming. I do hope you have brought your cheque book. You must understand that we cannot keep on meeting like this unless the UK pays the bills for the dinners and much else. The EU is getting cross with the UK for not being realistic, so I hope this evening we can make some progress on the divorce settlement.

PM.

As I have made clear the UK will pay anything it owes, but you have to understand UK Ministers do not have powers to send money to the EU after we have left. We need to look at all the issues together including our future relationship.

Mr Juncker

I dont think you understand. The UK has signed up to a soup course for future meals which is going to cost billions of pounds. Doubtless you want coffee, which does not come cheaply either. I have explained before to you that we decided to order drinks right through to the next decade, so that will be another big bill. The UK cant expect to get away without paying

PM

I can do without the soup course, and coffee late in the evening keeps me awake at night. In the UK we accept we have to pay all the time we remain in the EU but not after we have left. You should cancel the drinks for us for when we have gone and save some of your cash. As to this dinner I thought you had invited me, and I have had the cost and inconvenience of coming to you here in Brussels.

Mr Juncker

You British are so unreasonable. You cant just walk out and leave us short of cash. There is a big bill to pay.

PM So how much is the bill, and what is the legal base for the items you want to charge

Mr Juncker

Theres no need to get legal with us. We want you to make a realistic offer. Its all about European solidarity, about setting the right tone for our future relationship. We dont have an itemised bill backed by a legal base.

PM

When we joined the EEC we did not get a discount or a payment to deal with all the spending commitments the others had decided on before we joined, so why would there be any bill for future spending after we left?

Mr Juncker

You agreed then to join on the terms available. That is different.

PM Are you also saying that if a country left the EU now that gets money out, the EU would go on paying it after it had left?

Mr Juncker

Theres no point in getting clever wth the EU. The rest of the EU expects you to pay a large sum. I do hope you understand we cannot possibly talk about trade any time soon given the UKs stubbornness.

PM

That is a pity, as it hugely in the EUs interest to have continued tariff free access to the UK market. We have to go ahead and plan for WTO tariffs on EU food and goods without sensible discussions.

Mr Juncker

The EU has other priorities.

PM

So the EU does not care about all its exporters to the UK?

Mr Juncker

The impact on the EU is containable

PM

May I suggest we talk about something else, like Iran, where we may agree and put out a statement on that?

Mr Juncker

Thats the best we can do

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## Revisions to international investment figures

The ONS published its latest balance of payments data on 29 September. This included a final table which showed that the ONS have revised their view of how much UK investment abroad is worth relative to how much overseas investors have invested in the UK. Some have now suggested these figures show the UK has “lost” £490bn. This is an odd way of looking at it. The figures show an increase of £334bn in inward investment, which of course is a figure that is taken off our overseas assets to derive the net figure. It does not however mean we have got poorer!

The maximum downward revision to the net figure was for the 2016 figure (£490 bn), with the bulk of the downward revision relating to a period before the referendum vote. The main reason for the downward change in the net figure arises from strong inward investment in 2016 accounting for an extra £334 bn investment.

I have often referred to the large balance of payments deficit we have been running, and pointed out that an important part of our net outflows arise from the substantial contributions we make to the EU and from our large overseas aid payments. I have often argued to stop the EU payments, to up the UK content in the overseas aid spending where the money cannot be spent in the country we are trying to help, and to follow policies which promote more import substitution. All the time the UK continues to send large sums abroad, and to run such a large trade deficit with the EU, there will need to be continuing inward investment into the UK to pay the bills. Alternatively we will have to sell overseas assets to pay for the imports and the remittances overseas. Either of these ways of paying for the trade and payments deficit will tend to reduce our net overseas asset position.

This is nothing to do with Brexit. The biggest part of the deficit is trade with the EU and payments to the EU.

It is also a reminder of how much trouble the ONS have in measuring things like the stock of overseas wealth held by UK people and institutions, which they have recently reduced as they change their way of estimating. They also have difficulty in knowing how much overseas investment has been committed here. Those who think Brexit has caused the fall in the pound should of course acknowledge that so far if this is true Brexit has helped swell the net overseas asset figure, by increasing the sterling value of foreign assets. Readers of this site will know I do not think Brexit is the main reason for the fall of the pound since 2015, nor for that matter for the recent rise of the pound against the dollar.