

## Shop prices fall again

In the year to March 2018 UK shop prices fell by 1% according to the British Retail Consortium. They tell us that “shop prices have been deflationary for 59 months now, and this is the deepest deflation since February 2017”. I haven’t heard the usual voices scrambling to tell us this is all because of Brexit. There has been far less comment on this than the rush to get it wrong when general prices were briefly going up a bit faster last year, when many came forward to tell us it was the result of sterling which in turn they thought was related to Brexit. I explained then that their forecasts of much higher inflation to come were likely to prove wrong, and explained how they had misunderstood the movements of sterling and their likely impact on prices.

Sterling has been rising gently for some time as we move closer to Brexit, and shop prices have fallen again. Sterling fell a lot in the year and a half before the vote for unrelated reasons. It had fallen from \$1.71 to \$1.42 before the referendum. This did not stop shop prices falling. It is around \$1.40 today. The Euro was strong last year against all comers. Shop prices have always had more to do with world output, internet competition to retailers and the hugely competitive market for things like clothing and electrical appliances that the world market has provided. The Retail Price Index has been more volatile thanks to rising international energy prices and domestic price pressures like Council Tax and the EU/UK move to dearer electricity for policy reasons.

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## European health costs

I have been asking questions about how much it costs the UK to pay for health treatment for our citizens seeking treatment on the continent, and how much we charge people from other EEA countries for their treatment here.

In 2016/17 the UK received just £66m from charges imposed on the other member states for treatment of their nationals in the UK, whilst they charged us £630 m for the treatment UK citizens received. It is difficult to believe it should be that one sided. It is true a considerable number of UK citizens live in Spain, which charges us £200m for the health treatment they supply, but we also act as host to many people from the continent who also need to visit surgeries or receive treatment. The UK only received £5m from France for the whole year, compared to the £154 m they charged us.

The NHS in 2016/17 identified just £81 m of treatment carried out for people from the rest of the world, and recovered £30.4m in cash.

It does appear that despite the policy that EEA nationals health costs should

be recharged to their governments, and non EEA people should be expected to pay for non emergency treatment, there is still some way to go for the system to identify the full amounts and to collect the cash from those who should pay.

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## Innovations to like, and innovations that disappoint

I am all in favour of new technology. It can deliver more to us for less. It can help us in ways we did not imagine. It drives good change in the corporate world, forcing businesses to adjust to new competitors and to rethink their goods and services. It often produces a product or service which becomes a must.

There are also times when innovation produces a product or service which is little or no improvement on what it seeks to replace. Change makers can become mesmerised by the technology and think less about the customer. Much change is healthy, but some change can be expensive, disruptive or simply unnecessary.

I was an early adopter of mobile phones, as it was a big leap forward to be able to contact people from wherever you are. Many of the improvements made to cars, to their safety and comfort, are most welcome. Modern computers enable us to find information without going to the library and to send out material without having to persuade an editor or publisher.

I ask myself which innovations that are currently being discussed would do most to improve my life? Clearly a self driving car that took responsibility for my travel would provide a big increase in freedom and give me back the hours I spend in traffic jams studying the safety of the road ahead. I would like a self controlled Hoover that could clean a room whilst I was doing something else in another room. More automation of other cleaning routines would also be good news.

There are some changes which have not brought obvious benefits. As a taxpayer I get my share of the big bills for switching trains to electric drive, but as a passenger I do not see any improvement of an electric train over a diesel. All the time we generate electricity from coal and gas it is difficult to see the environmental case as well. Electricity as a secondary fuel incurs energy losses at the power station and in transmission as well as in turning the energy into drive power in the engine.

I have given up on my digital radio at home and gone back to the old analogue one, despite the poor BBC signal. The digital radios are difficult to tune in, slow to warm up and often provide a poor quality output. The one I have to have to have in the car regularly cuts out in busy places.

Quite a few of the digital control systems are far less effective than old fashioned switches and dials. Fiddling about with a light display operated by applying finger pressure to a pad is not as quick or easy as setting a dial to a required setting.

I would be interested to hear your list of good and bad new ideas.

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## The role of the civil service in Brexit

Last Wednesday night I spoke to the Bruges Group about Brexit at their request. There was widespread concern about the role of the civil service in the Brexit negotiations.

Our constitutional theory is clear. Ministers decide, civil servants advise. Civil servants can warn and restrain Ministers to make sure Ministers obey the law and operate within their powers, but they are not there to write Manifestos or to decide the direction of travel. Many individual civil servants may have voted Remain, but they must all be Brexiteers now in their professional lives, as they are working for a people who have decided to leave and a government which is seeking to do so. Ministers are meant to lead, identifying the issues government needs to address and recommending solutions and decisions which they think will improve things as people and Parliament wish. Ministers are entirely responsible for keeping Parliament onside and getting the necessary Parliamentary consents, and should conduct the public dialogue about government policy and performance.

It does appear that the Cabinet Secretary Jeremy Heywood, and the Chief Official negotiator Mr Robbins have considerable influence. I happen to disagree with the advice that the UK needs to keep on offering concessions, and needs a long additional Transition period following on from the 2 years 9 months wait to get out which should be the transition period. Many Eurosceptic MPs offer different advice. We advise against a Transition period, especially before we know what we might be in transit do. We advise against offering money and other concessions, as the UK is a very generous partner even without such offers. A free trade Agreement is clearly good news for the rest of the EU and will happen unless they wish to self harm. If they wish to do that no amount of concession might change their mind.

The fact is the Prime Minister is in charge. She decides which advice she likes best, and she decides who her advisers will be. She has chosen Mr Robbins to lead many of the talks with the EU, and we must assume he keeps her fully informed. Those of us who wish to see the UK now withdraw some of its very generous offer if the EU does not start to offer us a worthwhile future deal need to ensure the Prime Minister herself is aware of this view. She probably did learn on her recent whistle stop tour of the UK that many

people do now just want to get on with it. Many of us do not share Whitehall's worries about what might go wrong if we do not end up replicating the EU in all but name.

It is true that the Treasury officials produced some very poor work ahead of the Referendum, where they were clearly under political instruction to do so by the Chancellor. They would be well advised to redeem themselves by producing some more realistically optimistic work now they are under a government which says it is pro Brexit. The whole civil service needs to ensure all is ready to leave on March 29 2019, and should help Ministers speed up the necessary work on new fishing, farming, borders and spending policies for the UK. This surely is a very exciting prospect for those interested in the work of government. After years of having to conform, from March 2019 – unless we sign it away again – we will be free to do as we wish. We do not need any more mapping of Project Fear. We need some practical answers to a series of detailed matters, all of which can be resolved. Ministers should enthusiastically lead their officials in getting on with this task. Ministers should send back for changes any document which just repeats the endless false rumours of the Project Fear campaign which we have heard all too often and are one by one being proved wrong.

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## Good Friday service

I attended the social gathering and service at the Salvation Army Church in Sturges Road on Good Friday. I am grateful to the Salvation Army for hosting the event this year and making us all feel welcome.