THE CHANCELLOR'S COMMENTS ON EFT MODELLING
House of Lords Economic Affairs Committee
(11 September 2018)

Economists for Free Trade
23 September 2018

We note the Chancellor's comments on EFT's Brexit modelling when giving evidence this past week at the Lords committee on economic affairs[1]. In a reply to a question by Lord Kerr, the Chancellor engaged with our criticism of the Treasury's approach to modelling. Although it has been a long time coming, we welcome this and indeed welcome further engagement.

This is now some 2½ years since we commented extensively on the Treasury's 2016 Report of the long term effects of trade[2]. The main criticism we made of that Report was that, in common with several other modelling groups including the LSE, the IMF, the OECD and the NIESR, it used 'gravity-like' correlations to produce a causal analysis of Brexit that would necessarily give unreliable results because correlations do not reveal causation. Both we and many others noted some of the strange results the Treasury analysis produced.

A year and a half later in January 2018, the Cross-Whitehall Civil Service Report, *EU Exit Analysis - A Cross-Whitehall Briefing*[3] was leaked and later 'published' in the form of some two dozen PowerPoint slides by the House of Commons DExEU Committee.

While we were pleased to see that Whitehall had ditched the highly criticised 'gravity' correlations in favour of a Computable General Equilibrium (CGE) Model, we were highly critical of the assumptions used in the new model and, consequently, of the results obtained. We published our concerns and, in addition, have provided our detailed criticisms to relevant Whitehall officials and ministers in face-to-face meetings. In spite of undertakings to respond to our criticisms, Whitehall has not done so to date.

Therefore, we are pleased that the Chancellor finally has felt it necessary to respond and specifically has:

- Confirmed again that the Treasury has moved to a new CGE model, as we have long advocated
- Accepted that our CGE model is appropriate - "I'm sure his (Prof Minford) model is very effective"
- Admitted - as we have often pointed out - that the government has not modelled the deal it is trying to achieve
- Agreed with us that the assumptions used in the models – not the model *per se* - is now the key issue
- And, for the first time, spelt out where he disagrees with our assumptions

He continues, "But the assumptions that he [Prof Minford] makes are wildly out of line with assumptions that are used by other economic models and frankly I believe are not sustainable."

The Chancellor is mistaken. We show why below. In the following sections, we provide a point-by-point rebuttal of the criticisms he makes of our assumptions. Full details of our analysis can be found on our website[4].

His criticisms are listed below, together with our response:

Unilateral Free Trade (UFT) is assumed and would undermine FTA negotiations

Chancellor Claim: *What [Minford] has done is assume a 4% benefit to UK GDP by unilaterally liberalising our trade system, ie abolishing our tariffs unilaterally notwithstanding first of all that would leave us with no leverage to negotiate free trade deals with any third countries, which I think is the objective of many of his supporter.*

EFT Response: Not true. We assume the UK will achieve global free trade primarily via agreeing free trade agreements (FTAs) with non-EU countries.

As a starting point, the economically optimal trade strategy in many circumstances for the UK might be to eliminate all tariff and non-tariff barriers unilaterally with respect to all our trading partners - including the EU. However, whether or not such circumstances hold today, political interests driven by old-fashioned mercantilism and protectionist producers used to forty years of EU protectionism at the expense of consumers, makes implementing such a policy politically difficult.

Therefore - as we have frequently explained - EFT has long understood that the government intends to achieve free trade via FTAs, in which the UK reduces or eliminates our protection in exchange for better reciprocal access to the markets of FTA partners. We support such a strategy as being one of several viable routes to achieving global free trade. This strategy might possibly be coupled with certain specific unilateral actions where the UK decides it is in its interests to take them. Examples of such unilateral actions could be removing tariffs on goods where there is no UK production to protect or on component parts for supply chains.

How should one estimate the effects of this? Such FTAs will, in principle, abolish the trade barriers we will inherit initially from the EU. These barriers, including non-tariff barriers (NTBs), are massive, estimated by us - consistently with other studies - at around 20% on both food and manufactured goods. While tariffs generally are relatively low (eg, 4%-5%), NTBs account for the remainder. Examples of NTBs include such items as specific product specifications often designed to protect local producers or certain testing procedures required to gain certifications. In addition to the gains from eliminating our own trade barriers, we will also make gains from the reciprocal reduction of barriers against us in the rest of the world.

The method of quantifying such gains usually adopted by most researchers (for example, Ciuriak whose results are quoted by the Chancellor) is to estimate the effects of abolishing our own barriers alone. We follow this approach. This estimate - which is the mathematical equivalent of estimating the effects of unilateral free trade - gives us a *lower bound* on the gains from FTAs, since it omits the reciprocal gains. There is no way of estimating at this stage what other countries will do in return.

Therefore, EFT – like other economists – has used UFT as a calculation device to estimate what the gains might be from agreeing FTAs with other countries. It is very difficult to model gains from FTAs because each country has a different import/export profile and each FTA will be different. In spite of using UFT as an assumption for calculation purposes, EFT has *not* assumed unilateral free trade as government policy as the Chancellor implies.

With regard to the Chancellor's comments about 'negotiating leverage', he is living in the world of the past. It is well understood by experienced trade negotiators that, because tariffs are in general so low, the real leverage in negotiating FTAs is eliminating non-tariff barriers and providing access to sectors that traditionally have been protected – eg, agriculture and services. It is ironic that the Chancellor's preferred Chequers exit option – in spite of rhetoric from No 10 - is virtually certain not to provide such negotiating leverage because of its close alignment with EU practices. This is why the US and Australia - amongst other countries - have said they are not likely to be interested in negotiating an FTA with the UK under the Chequers exit option.

Other economists find free trade has a lower economic impact

Chancellor Claim: *And notwithstanding studies done by others - the LSE, for example, found that the boost would be 0.3 percentage points, Open Europe found that it would be 0.75 percentage points.*

EFT Response: Those who have modelled a Clean Brexit using CGE models have produced similar estimates to ours. Most importantly, these estimates show a decidedly *positive* impact on the economy in contrast to the decidedly *negative* impact produced by Whitehall officials.

Using the well-known GTAP model from Purdue University (the CGE model we believe Whitehall has used recently), Ciuriak and Xiao found 0.8% gains from UFT, when they assumed the abolition of 4% tariffs. If they had assumed the full trade barriers of 20% were eliminated, the GTAP estimates would have been five times as large – or a 4% increase in GDP.

This figure could be increased substantially (say, doubled) by the reciprocal gains with other countries included - but we cannot estimate them with any precision. It is true, of course, that if less protection was eliminated (eg, fewer FTAs negotiated or certain goods excluded from agreements); there could be smaller gains achieved. On balance - taking into account that the objective is to agree FTAs with all of the major economies, the significant uncalculated upside from reciprocal FTA trade, and conservative assumptions in the model (described below), we believe the 4% figure to be a sensible number.

The Chancellor cites lower gains from LSE and Open Europe. LSE used the invalid correlations approach (ie, the discredited 'gravity' correlations that the Chancellor has discarded) and also assumed that no NTBs would be eliminated, only tariffs which are rather small on average at around 4 %. Although Open Europe used the GTAP model in association with Ciuriak, lower gains were generated - as explained above - because a low rate of trade barrier abolition was assumed.

However, even in the Cardiff model, we used a cautious assumption that only half of the existing EU trade barriers would be eliminated – ie, we assumed there would be only a 10% reduction of trade barriers rather than the 20% that has been measured empirically. We thought of this as being potentially more realistic, given possible political opposition to full elimination. It also could be argued (perhaps too optimistically) that by 2030 the EU might have reduced these trade barriers themselves following trends over the past few decades towards lower barriers. Whichever way you justify our more cautious assumption - we find that the effects are a gain of 4% of GDP using the Cardiff World Trade Model.

It is important to understand that the Cardiff World Trade Model, while being a CGE model and similar in broad principle to GTAP, has the advantage over GTAP of being compact enough to test against actual outcomes – GTAP is too large for this. Following a year-long research project in which the Cardiff Model was rigorously tested using state-of-the-art statistical tests, it matched the actual facts of UK trade, which reassures us that it is pretty accurate. Consequently, we regard the main Cardiff model as a reliable vehicle for analysing UK trade effects[5].

Against the above, how can the Whitehall estimates of the gains from FTAs/UFT be so low? Their estimated gain at 0.3-0.6 % looks like a wild underestimate. As the Chancellor has helpfully pointed out, the answer is due to the assumptions officials have used (see following sections).

Of course, the gains from free trade is not the full picture. In addition to the benefits of global free trade, we can add the benefits of better regulation, regaining control of our borders enabling us to eliminate the cost of wage subsidies (20% of wages) paid to uncontrolled unskilled EU immigrants, and stopping entirely our approximately £12 billion a year (and increasing) net payments to the EU. Furthermore, if we chuck Chequers and leave without a trade deal with the EU, we will avoid the encumbrances and constraints of the Withdrawal Agreement thereby accelerating the gains from a Clean Brexit (as there will be no transition period) and we can choose to take a strict position on the financial settlement and withhold most or all of the estimated £39 billion 'divorce payment'[6].

The long-term gain to GDP of all this together will be about 7% over the next decade and a half, a half percentage point addition to the growth rate over this period. The long-term effects on prices and wages mean the average household will gain around 8%, while the poorest household will be 15% better off. The Treasury will receive about 10% extra revenue - around £80 billion. All of this will allow enhanced spending on public services and tax cuts by the early 2020s, further boosting the economy.

Clearly, macroeconomic models vary, and outcomes forecast by different economists will not be the same. But the important point to grasp is that those who have modelled the Clean Brexit policies inherent in the Lancaster House speech have produced decidedly positive outcomes. This is in stark contrast to the decidedly negative outcomes produced by Whitehall officials who tend to view Brexit as a damage limitation exercise. And we were pleased to observe the Chancellor admit before the Lords committee that Whitehall has not actually modelled the deal that the government aims to achieve.

Assumes no additional non-tariff barriers (NTBs) to trade between the UK and the EU in a no deal scenario

Chancellor Claim: *He assumes that there are no additional non-tariff barriers to trade between the UK and the EU in a no deal scenario, which is frankly not plausible.*

EFT Response: We believe *new* NTBs will be *de-minimis* but we cannot guarantee that there will *never* be a new NTB following our exit. The key point is that we do *not* believe that massive NTBs will arise, as the Chancellor appears to believe.

The Chancellor echoes the conclusions of the Whitehall Report, which assumes that massive non-tariff barriers of three types spring up between us and the EU in a no trade deal scenario – (1) NTBs that arise immediately upon leaving the EU due to border holds-ups, etc, (2) immediate non-acceptance of existing standards, and (3) other NTBs that would arise subsequently due to regulatory divergence. In 'tariff equivalent terms', these new barriers are assumed to be, respectively 5.8%, 5%, and 15.3%; a total of 26.1%. This result effectively assumes that leaving the EU under WTO terms will create new NTBs even larger than the *sum of current EU tariffs and current NTBs*.

We do not believe this for a very simple reason: such new barriers would be illegal under WTO rules. With regard to the first of these, the WTO mandates 'seamless' borders, with all the aids that modern technology can bring in the form of computerised clearance pre-arrival at port. It has been well documented that countries operating under WTO rules all over the world operate border procedures with minimal inspection and *de-minimis* costs and hold ups – as we currently do for the majority of our trade that is with non-EU countries.

With regard to standards, WTO rules on standards non-discrimination mandate that, once the EU or any other WTO member has announced their proposed domestic standards, these must apply without exception to all foreign exporters. Because both UK and EU exporters satisfy the other's product standards (since both have been subject to the same EU standards for some 40 years), they must continue to have the relevant permissions to enter each other's markets without hindrance. If either the EU or the UK tried to keep out each other's exports where the products continue to comply with the standards in the domestic market or to apply burdensome certification procedure, this would be discrimination that could be challenged by the WTO legal process. So neither side can claim the day after Brexit that somehow standards do not conform.

Standards on both sides will no doubt change gradually over time, but this is a quite normal development that exporters deal with constantly, and out of their own commercial interest they keep their products conformable. It is therefore correct to assume, under WTO rules, both sides' exporters will continue to conform to the other's standards.

Export firms on both sides are quite used to this as they have to adapt to such changes all over the world where they have export markets; it is an accepted cost of doing export business. Remember, more than half of our trade is non-EU. In no country do politics and product requirements stand still, given the way consumer preferences and technology change. Export firms from the EU and elsewhere adjust as necessary, in order to continue participating in external markets.

It is quite likely that we will liberalise our standards to modernise our economy post-Brexit. As such, exporters to the UK probably will not need to change much, if at all, as more varieties of products are deemed acceptable in the UK, subject to reasonable safety standards and the like. As for EU standards, how they will change will be a matter of EU politics. Our exporters will deal with these changes just as they do with standards changes in China, the US, Russia and the rest of the world.

Some say the above perspective is naïve. While it is not impossible that elements of the EU Commission might try to behave badly, it would be subject to a number of compelling constraints:

- International agreements to which the EU is party, including WTO Agreements, form an integral part of the EU legal order. Quite apart from any remedies that could be pursued against the EU via the WTO disputes mechanism, internal action could be taken in the EU General Court by affected businesses that suffer from the Commission's failure to comply with the EU's international obligations. Compensation liabilities would arise in the event of clear and manifest breaches of EU law.
- There are practical reasons why the EU would not want to disrupt imports from the UK. The strongest case is medicines, where they are unlikely to cut off supplies of drugs made in the UK that would cause serious problems for patients within the EU27.
- Self-interest expressed by national governments and by vested lobby interests within the EU will act as a strong brake on cavalier actions affecting livelihoods and business interests

For these reasons, Armageddon type predictions that the EU would freeze out UK goods by refusing to recognise them as complying with EU standards in breach of WTO rules and in a worse way than it treats any other non-EU country are simply not realistic. The Commission's statements about the effect of the UK having third country status therefore contain large elements of political posturing intended to frighten the horses and should be treated as such, not swallowed without challenge.

Thus, we believe that new NTBs will be *de-minimis*. We do not accept the Chancellor's gloomy post-Brexit forecasts, which - as explained above - are underpinned by an implicit assumption that the EU will behave illegally. Surely, the default assumption must be that a rules-based entity such as the EU will observe international law. If this fundamental point cannot be relied upon, it begs the question as to why the UK is negotiating with the EU at all.

What appears to have happened in making these assumptions is that Whitehall departments have consulted various trade associations and asked them about their fears of what might happen upon Brexit. Of course, we know that the CBI and most trade associations are opposed to Brexit because it aims in principle to remove the protectionism that many UK producers enjoy from the EU.

Therefore, it is not surprising that, when encouraged to share their fears with Whitehall departments, these lobby groups have eagerly proffered their fears of worst case scenarios, regardless of their legality, a matter on which indeed they might not be well informed, having not hitherto been governed by WTO rules.

We conclude that regulatory divergence will be managed over time primarily by the businesses directly involved, as happens all over the world. For example, Jaguar Land Rover configures their cars differently to meet the varying standards of the US and Chinese markets. And, they will be careful to do so for EU markets, even to the extent of 'behind the border' standards. If, for example, they must test EU products in a certain way; they will do so. They might not do so for products destined for other (smaller) markets; but they would not risk the EU market by not following such standards.

Inappropriate assumptions about imported goods

Chancellor Claim: *His model makes no allowance for differences in quality [and] safety of imported goods. Nor does it make any allowance for distance-related transport costs. And it assumes that all standards imposed on imported goods will be abolished.*

EFT Response: None of these claims are valid – the Chancellor does not understand how our model works.

Quality of goods including safety standards has been taken into account very carefully:

- For manufactured goods, detailed quality-adjusted price data from the OECD was used. This data is from the same detailed database that serves as the basis for global PPP comparisons, which takes product quality into account. This yields a 20% increase in EU prices over best value OECD supplies (which typically are from the US or South Korea). This estimate checks roughly against weighted tariffs estimated at around 4% by the World Bank plus EU non-tariff barriers against the US estimated by Berden et al of around 16%.
- For agriculture, OECD estimates of producer subsidy equivalent were used, which have remained at around 20% for several years.

These results were based on an extensive research project by the trade research team at Cardiff University, which has been reported in detail[7].

Transport costs, which have come down greatly over the years, are a key driver of change in our Cardiff model and also enter into GTAP in an essentially similar way.

> Standards of imported goods are implicitly assumed to stay the same by the model. The model assumes only that, once the UK is no longer behind the EU tariff wall, the same quality goods will be less expensive because the UK market will trade at world market prices. It is important to recognise that having good standards that protect the consumer is different from discrimination in standards. Take the example of Japanese ski boots, standards for which are deliberately set to create difficulties for foreign suppliers. No one seriously believes that Japanese feet are better protected. Thus, it will be open to us to admit foreign goods that satisfy sensible standards for protecting our consumers but are currently excluded for EU protectionist reasons.

Assumes that an equivalence arrangement delivering a similar effect to passporting will exist between the UK and the EU in a no deal scenario

Chancellor Claim: *And then for financial services, he assumes that an equivalence arrangement delivering a similar affect to passporting will exist between the UK and the EU in a no deal scenario, notwithstanding the fact that we have heard very loud and clear noises to the contrary from some of our near European neighbours who have other aspirations about our financial services industry.*

EFT Response: The Chancellor's comment misrepresents the role that passporting has played in the past.

Unlike goods, the UK has never protected its financial services market. And, because - effectively - there is no 'single market' for financial services, the EU has never protected the UK financial serves market either. The Chancellor's comment about 'passporting' is not directly relevant to this. Therefore, UK financial services already compete successfully in the global financial services market.

The loss of 'passporting' potentially affects only the volume of business – not competiveness or prices. By our estimation, this potential loss amounts only to about 9% of UK financial serves revenue and most of the insurance, asset management, and retail banking sectors will be unaffected by the loss of passporting. This figure represents the case assuming absolutely no form of 'equivalence' or 'work–arounds emerge. For the reasons discussed below, we believe this is an unlikely scenario.

As a consequence of the above, the Cardiff model does not assume any change in protection of UK financial services due to Brexit; it remains at zero. EU protection against the UK has no significant effect. In making assumptions for the GTAP model, which includes effects from EU protection against the UK, we assume along the lines of the argument above that any changes will have *de minimis* effects.. Of course, in both models resources in the overall economy are reallocated as the economy adjusts to the post-Brexit environment. This results in financial services (along with services generally) playing a larger role in the economy.

But, let's look at the possible downside. First, what if the noises from European neighbours (principally France) are right? What if they intend to try to drag the whole EU into causing itself self-harm in order to punish the UK in an attempt to grab business intended for France (though events don't appear to warrant that) in a protectionist manner? What if the other EU26 go along with this potentially expensive plan, which involves making the EU a protectionist zone in finance? What if, therefore, there is no formal new equivalence arrangement for the UK after Brexit? Can they inflict the damage they might wish?

It is important to understand the context of what we are talking about. This, in terms of a deal, is merely the amendment of the current EU equivalence framework - largely to fill in some gaps and add procedural certainty to the process. Without such an amendment (ie, the proposed enhanced equivalence deal), the existing regimes are already quite wide in their application and are operated unilaterally by the EU for countries all around the world. Will the EU then refuse to use them in order to spite the UK and to further the vain aspirations of the few?

The EU's unilateral powers to declare equivalence for the UK apply across vast swathes of financial services, including the whole of investment banking, which is one of the most cross-border areas of business in the City. Furthermore, WTO rules on non-discrimination also apply to services, so that if the EU awards equivalence to others it cannot in principle deny it to the UK, except on valid grounds (such as prudential concerns). However, since it has shown no such concerns up to now when the UK was in the EU but not in the euro, it is difficult to see how it could mount a convincing argument before the WTO.

The EU currently is engaged in political bargaining and the politicised regulators are trying to winkle business from the UK (this incidentally undermines the global credibility of those regulators, which makes the success of their endeavour even more remote). They are, of course, not declaring their hand but are trying to stampede moves of elements of UK business, so far with little success. But this does not mean that they will persist and not ultimately declare equivalence for UK clearing houses, banks and investment banks and other businesses providing services to corporates across the EU.

In fact, it is highly likely the EU will do so regardless of any deal with the UK on Brexit because of the costs to the EU of doing otherwise are vast. There are clear indications that this is what will happen. If so, much of the City will continue to provide services into the EU on current business models, much as now. The regimes do not cover every sector (eg, lending and primary insurance) but even in those excepted areas it is likely the EU would create a solution, since the loss of access to money from those who have it would be very painful and would have real world consequences in the towns and countryside across the EU. There is a theoretical point that equivalence, if granted unilaterally under the unamended existing EU regimes, could be withdrawn on short notice at any time. However, that has not happened with equivalence arrangements that the EU has in place with the rest of world; for example, with the US, Japan, Saudi Arabia and over 30 other countries around the world. If the EU were to apply equivalence and then behave irrationally, this would discredit further its regulatory regime and frighten off business. The EU's options are not as open as often appears to be assumed.

Secondly, it is noteworthy that, in recent weeks, UK financial institutions have decided clearly that they will be ready for a future without a financial services deal and without a unilateral equivalence declaration – ie, for a World Trade Deal scenario as we call it. The Bank of England has announced that, if the UK leaves the EU without a withdrawal agreement, it will allow EEA financial institutions currently passporting into the UK to continue operating here under a temporary permission regime (TPR) for up to 3 years, while they apply for full authorisation from UK regulators. As above, the EU is likely to reciprocate at least to some degree. This will allow the UK to remain the centre for financial services and wholesale banking for the European time zone and it would in our view be that centre anyway.

The City is the world's No 1 financial centre, competing with New York, Singapore and Hong Kong. As cited above, it is estimated that only 9% of the City's revenues are vulnerable to the loss of 'passporting'. EU businesses are highly dependent on the City for access to London's efficient global capital markets. It is notable that the UK exports more financial services to the US than to France, Germany and the Netherlands added together - while Japan is the UK's 4th biggest financial service export market ahead of the Netherlands.

There are numerous ways in which businesses established in the City can provide services to EU27 customers in the unlikely absence of any equivalence declaration at all, and vice versa. These include setting up small entities in the EU that trade with EU customers and those entities entering into mirror, or “back-to-back” trades with the UK parent. EU companies also can set up tiny entities in the UK to access financial services here, in the way that businesses do from the rest of the world. EU27 financial services companies and other EU27 firms will continue to be able to access UK financial markets and services via the reverse solicitation exclusion, which the EU has acknowledged is relationship based.

There are many other workarounds. Barnabas Reynolds has set out many in a series of publications for *Politeia*[8]. Customers will come to the market – ie, where the money is. Our global financial centre benefits from agglomeration effects. It benefits from centripetal forces which even the most restrictive of markets cannot overcome. This is how the City has operated successfully for decades (if not centuries) and is the standard way non-EU clients access the UK financial markets.

There are two key elements in the City’s future success: (1) that its markets continue to be global and (2) that it continues to have an efficient pro-business environment. In particular, it needs to continue to have a localised, focused and high-end regulatory system. The latter will be provided by the Bank of England and the UK regulators (PRA and FCA), as it was prior to our EU membership.

The EU increasingly has been seeking to federalise regulation and supervision, importing its own social values and ideological approach. This has incrementally been detrimental to the City’s competitiveness and is likely to become far more so. There are many EU regulations that have had the unintended consequence of reducing financial market competition and financial access.

In a World Trade Deal scenario (ie, leaving the EU without a *trade* deal under WTO rules), UK authorities can act swiftly to review and adapt such regulations. So there are upsides to a no deal scenario in financial services and it isn’t the case that the EU has the UK over a barrel. It is crucial the UK’s position is understood independently and not through the say-so of conflicted parties – ie, our former EU colleagues, who are trying to force us into arrangements that don’t necessarily suit us.

Conclusion

The Chancellor’s words are familiar to us. They are the same as those we have heard previously in private discussions with Whitehall officials. Our answers here are the same as those we provided to these officials - but they have never responded or provided us with any arguments as to why we our arguments are incorrect. We also have published our views widely but there has been no engagement from Whitehall.

The point at issue is whether the Government’s thinking is correct, since very significant strategic decisions affecting the welfare of this country and future generations hinge on it being so. The troubling point is that not only has the thinking and analysis been virtually impossible to prise into the public domain, but when bits of it become apparent, some of it turns out to be misguided or plain wrong.

Whitehall ultimately re-vamped its Brexit modelling approach reflecting what EFT and many other economists in the private sector have been advocating from the outset. But this was at the cost of much debate over many months, wasting valuable time.

Now it transpires that there may be misplaced reliance on key assumptions. And Whitehall continues to refuse to engage with the arguments made above.

What the country urgently needs is for the economic modelling - on which the Chancellor and other Cabinet Ministers are relying as they evaluate the UK’s options - to be exposed to sunlight and public scrutiny. We have world class economists in this country, most of whom are in the private sector. Surely it is wrong for there to be any possibility that the entire approach of Government might hinge on analysis that could be improved with willing and ready help from the private sector. If, after that, disagreements remain, the reasons behind those disagreements should be exposed to public scrutiny so people can make up their minds as to who is right.

There is no justification for secrecy on economic modelling - and no benefit to the UK from it. The EU learns nothing of value from us evaluating such outcomes. Officials claim that they cannot “release information that could reveal our negotiating position”. This is risible when ministers are leaking very specific results of modelling on a weekly basis.

On the contrary - counter to the negative messages leaked by government so far, which have seriously damaged its negotiating position - our conclusions send a positive message that the UK has nothing to fear from a Clean Brexit – whether achieved with or without a trade deal with the EU. This can only help the government in achieving a satisfactory EU agreement.

END NOTES

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