

Treasury Commission: Theresa May Government Concealing Truth About Cost of Brexit

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The National Institute of Economic and Social Research (NIESR) makes the [point](#) in their most recent report that trade deals outside of the EU are unlikely to make Brexit worth it on economic terms. Trade agreements with countries from the U.S. to China would only [mitigate](#) Brexit's impact on U.K. GDP by 0.2 percentage points.

However, the trade deal that the Brexiteers want is achieved through a hard Brexit. This means predominantly doing a deal with America. From the statistics we do have, there's no point in signing a trade deal with Donald Trump's finger lickin chlorine soaked chick'n arrangement. Britain exports £100 billion to the USA annually. We import about £60 billion from the USA. Donald Trump will demand a halt to the USA/UK trade deficit of £40 billion (as he has with other trading partners) and whatever deal is done, it has no way to fill the void left by the reduction of GDP with the current Brexit plan, let alone a hard Brexit.

The scenarios being published as we get closer to the 29th March are starting to point in one direction and one direction only – to a recession. The depth of that recession will be a point of discussion over the coming years. And as our article says in "[The real cost of Brexit](#)" the numbers look absolutely horrific – worse than expected on all fronts.

The NIESR report makes no statistical reference to what might happen under a scenario that sees Britain crashing out the EU without a deal, which the Bank of England said could be as bad as a 7.7 per cent hit to GDP. To put that in context, assuming this fall in economic activity as predicted by the BoE, Britain would face the pound dropping by about 25 per cent – forcing a spike in inflation, property prices would plunge probably by about the same and unemployment would rise to 7.5 per cent or thereabouts.

In recent days, four very specific reports evaluating the long-term economic impact of Brexit have been published. The interesting point to note here is that they all agree on two key points, that

- A) Theresa May's deal will definitely hurt the economy over the next decade or longer, and
- B) exiting with no deal would be significantly worse.

To make matters worse, the [U.K. government's own study](#), also published last week, found that GDP would be as much as 10.7 per cent lower in 15 years in the worst-case scenario. But that would still be in excess of 7 per cent over 10 years, which falls in line with the other reports including the BoE.

From parliament.uk comes a report dated 11th December from the Treasury Committee that clearly states the government is at best concealing the truth about the outcomes of Brexit by simply not modelling the obvious.

Commenting on the Report, Nicky Morgan MP, Chair of the Treasury Committee, said:

“Despite differing views on Brexit between members of the Treasury Committee, our report on the economic analysis of the Withdrawal Agreement and Political Declaration has been agreed unanimously.

“The aim of this report is not to recommend how MPs should vote, but to ensure that MPs are as informed as possible when it comes to choosing a division lobby.

“Yet the Government has made this difficult to achieve. The Committee is disappointed that the Government has modelled its White Paper, which represents the most optimistic reading of the Political Declaration, rather than a more realistic scenario.

“The Committee is also disappointed that the Treasury has not analysed the backstop and fails to include short-term analysis of any of the scenarios, including impacts on public finances and on regional and sectoral job losses or gains.

In other words, the government are not providing statistics based on realistic outcomes, only those that make the government argument for Theresa May’s Brexit look more optimistic. There are no estimates provided for a disorderly or unmanaged no-deal scenario.

In the meantime, Bloomberg [reports](#) that British hopes for a sweeping post-Brexit trade deal with the U.S. are nothing more than a pipe dream, a senior U.K. official said, dismissing a key argument put forward by supporters for leaving the European Union. If this is the case, Liam Fox who said signing these deals would be the easiest thing in the world is also hiding the truth.

“Even Prime Minister Theresa May’s closest allies realize any agreement with Donald Trump’s administration will be lopsided and prioritize the interests of the world’s biggest economy, the official said, speaking on condition of anonymity because a U.S. trade accord remains a top government priority.”

Bloomberg reported last October that the U.S. is [threatening](#) to block Britain from joining a 46-nation public procurement agreement when it leaves the EU in March, a move that would deny British companies access to a near \$2 trillion marketplace in order to force Britain into a deal it does not want.

The idea that a protectionist Trump administration would offer the U.K. anything other than unfavourable terms is completely unrealistic, the senior British official said. The government would be forced into accepting U.S. demands on agriculture, completely open up the NHS and other markets such as chemicals, cosmetics and the like.

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