UK's May pledges 20 billion pound for healthcare post-Brexit

Announcement for more cash for National Health Service a message to 48pc of Britons who voted in 2016 to remain in EU

May said spending in England would increase to an extra 20 billion pounds by 2023/24. The pledge drew immediate scepticism,

Reuters| London

British Prime Minister Theresa May yesterday pledged to increase funding for the National Health Service by 20 billion pounds ($26.57 billion) after Brexit, funded by money no longer spent on membership of the European Union and possible tax rises.

The announcement of more cash for the NHS, a regular issue at elections, comes after a row in parliament over Brexit highlighted the fragility of May's minority government.

Theresa May

May said spending in England would increase to an extra 20 billion pounds by 2023/24. The pledge drew immediate scepticism, with critics saying the plans lacked detail and questioning whether leaving the EU would actually save money.

"As we leave the European Union and stop paying significant annual subscriptions to Brussels, we will have more money to spend on priorities like the NHS," May said in a post on her Facebook account.

> As we leave the European Union and stop paying significant annual subscriptions to Brussels, we will have more money to spend on priorities like the NHS. But to give the NHS the funding it needs for the future, this Brexit dividend will not be enough. As a country, we need to contribute a bit more in a fair and balanced way
>
> THERESA MAY

"But to give the NHS the funding it needs for the future, this Brexit dividend will not be enough. As a country, we need to contribute a bit more in a fair and balanced way."

May said the spending increase was equivalent to a 3.4 percent funding increase in real terms. Independent experts say it needs even more than that to improve. The idea of a "Brexit dividend" is also contested. The independent Institute for Fiscal Studies think tank highlighted government analysis showing public finances would weaken by 15 billion pounds per year after Brexit, and paying Britain's EU divorce bill would eat up any savings initially.

In media interviews, May said her finance minister would set out plans before a government spending review expected next year. She said the increased contribution from taxpayers would be done in a "fair and balanced" way. She did not answer directly when asked whether borrowing might increase. The announcement is timed to mark the 70th anniversary of the NHS, which delivers free access to care for everyone living in Britain. It aims to foster unity in the government and the country after two years of bitter divisions over Brexit. But it is also seen as a political risk. During eight years in power, May's Conservative Party has made fiscal discipline its core message. Any departure that involves tax increases could upset core voters and open it up to criticism from Labour Party.

YOU KNOW WHAT

The announcement is timed to mark the 70th anniversary of the NHS, which delivers free access to care for everyone living in Britain

ECB and European banks under pressure on cross-border mergers push

Abu Dhabi| The National

Shared urgency has been stymied by politicians from Germany and others who want to make sure closer ties don't expose them to excessive risks from other countries

The European Central Bank and the lenders it oversees are running out of time in their push for rules to foster cross-border mergers.

European Union regulations need to change so consolidation makes financial sense, the ECB and firms say. But their shared urgency has been stymied by politicians from Germany and smaller states who want to make sure closer ties don't expose them to excessive risks from other countries.

Euro-area leaders meet at the end of this month to discuss further integration of the currency zone, including the so-called banking union intended to remove barriers to expansion. They're unlikely to make progress on crucial elements of the plan, including a common deposit insurance system. And they won't have many more chances to hammer out a deal before next spring, when EU elections and a changing of the guard in Brussels mean lawmaking grinds to a halt until the end of the year.

"Banking union is not in place, and there are not yet enough benefits for banks to consider merging," said Pauline Lambert, a bank analyst at Scope Ratings. While some steps have been taken, thorny issues like deposit protection need to be tackled.

'The bigger cryptocurrencies get, the worse'

For any form of money to work across large networks it requires trust in the stability of its value and in its ability to scale

Reuters | London

Cryptocurrencies are not scalable and are more likely to suffer a breakdown in trust and efficiency the greater the number of people using them, the Bank of International Settlements (BIS) said yesterday in its latest warning about the rise of virtual currencies.

For any form of money to work across large networks it requires trust in the stability of its value and in its ability to scale efficiently, the BIS, an umbrella group for the world's central banks, said in its annual report.

But trust can disappear instantly because of the fragility of the decentralized networks on which cryptocurrencies depend, the BIS said.

Those networks are also prone to congestion the bigger they become, according to the BIS, which noted the high transaction fees of the best-known digital currency, bitcoin, and the limited number of transactions per second they can handle.

"Trust can evaporate at any time because of the fragility of the decentralised consensus through which transactions are recorded," the Switzerland-based group said in its report.

"Not only does this call into question the finality of individual payments, it also means that a cryptocurrency can simply stop functioning, resulting in a complete loss of value."

Representations of the Ripple, Bitcoin, Etherum and Litecoin virtual currencies are seen on a PC motherboard in this illustration picture, February 14, 2018. REUTERS/Dado Ruvic/Illustration

The BIS' head of research, Hyun Song Shin, said sovereign money had value because it had users, but many people holding cryptocurrencies did so often purely for speculative purposes.

"Without users, it would simply be a worthless token. That's true whether it's a piece of paper with a face on it, or a digital token," he said, comparing virtual coins to baseball cards or Tamagotchi.

The dependency of users on so-called miners to record and verify crypto transactions is also flawed, according to the BIS, requiring vast and costly energy use.

It has issued a series of warnings this year after an explosive rise in cryptocurrency values attracted a wave of followers.

Agustin Carstens, general manager of the BIS, has described bitcoin as "a combination of a bubble, a Ponzi scheme and an environmental disaster". [nL8N1PV5KS]

The BIS has told central banks to think hard about the potential risks before issuing their own cryptocurrencies.

No central bank has issued a digital currency, though the Riksbank in Sweden, where the use of cash has fallen, is studying a retail e-krona for small payments.

WALL STREET WEEK AHEAD

Fund managers turn to financials as trade woes rise

Fund managers from firms including AllianceBernstein, Causeway Capital Management and Janus Henderson are adding to

Reuters| New York

The rising tensions over global trade policy are prompting some top-performing international fund managers to look for the companies that can emerge as winners.

Fund managers from firms including AllianceBernstein, Causeway Capital Management and Janus Henderson are adding to positions in companies ranging from Italy's largest bank to China's largest e-commerce company, all in hopes of avoiding the fallout from a global trade war. Chief among the corporate attributes fund managers are now looking for are either a strong domestic business that would not be significantly affected by import tariffs, or a dominant market position, or intellectual property that would prompt customers to continue to buy its goods regardless of additional taxes."The impact of a tariff is becoming a bigger factor in our decision-making," said George Maris, a portfolio manager of the $2.2 billion Janus Henderson Global Select fund.

$50bn
is the tariff Trump is planning to imposes on Chinese imports

Maris, who said that he has been "tactically" trading more than usual because of the threat of tariffs, has increased his position in companies such as Chinese e-commerce giant Alibaba Group Holdings Ltd that are dominating their domestic markets. "Secular growth stories overwhelm the threat of increased trade frictions every time," he said. U.S. President Donald Trump said he was pushing ahead with hefty tariffs on $50 billion of Chinese imports on Friday, and the smoldering trade war between the world's two largest economies showed signs of igniting.