

The post-Brexit City of London

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There's a hint of another dimension of the Brexit strife to come [in the FT](#) this morning. Reporting that relationships between the Treasury and Bank of England have become very strained because the Treasury wants the City to be as closely aligned to EU financial rules as possible post-Brexit and the Bank wants the freedom to do whatever it wants, it notes:

A number of officials have confirmed that Jon Cunliffe, the BoE's deputy governor for financial stability, has fallen out with the Treasury on the matter. One BoE official said: "The fear is that the Treasury is going to give it all away." Another said: "It is very, very bad. The bank wants to have as much control as possible and doesn't want to be a rule taker."

So let's be clear about this: the UK's state-within-a-state, otherwise known as the City of London, is using Brexit as a chance to say that it wants to go back to governing its own affairs without control from Westminster on behalf of the only people it thinks matter, who are those associated with the City.

No one should be surprised by this: it was ever thus. But the EU restrained 'two-state' Britain and helped keep the bankers under some degree of control. But not now they won't. And the bankers want to tun their own state again, with the rest of the UK being required to comply with its wishes.

This one is a real fight, with money behind it. The fear that some want to turn the UK into tax haven Britain post-Brexit has never quite gone away. This spat makes clear there is real reason for concern on this issue. And that's another reason to stay very close to Europe indeed.