

# JUSTIN'S COMMENTARY

**SEVEN**   
Investment Management

Justin Urquhart Stewart is one of the most recognisable and trusted market commentators on television, radio and in the press. Originally trained as a lawyer he has observed the retail market industry for 30 years whilst in corporate banking and stockbroking, and has developed a unique understanding of the market's roles and benefits for the private investor.



## THE BATTLE FOR THE THREE UNIONS

The Battle for the Three Unions. It may sound like something out of a Tolkien story but the Prime Minister is now, as a result of his dramatic election victory last week, very likely to be facing some key battles but on three different fronts. The **first Union** which will be getting a lot of attention over the next few months, is that of the European Union and the promised referendum which may be heading towards us earlier than previously expected. This over recent years has been casting a long shadow over the future of the UK economy as potential overseas investors have held back on decisions to invest within the UK on the basis that "in a couple of years you could be outside the tariff wall". Now of course there are many arguments to and fro about what the UK economy might look like outside the Union, but that really isn't the issue for many such overseas companies. They see the largest trading block in the world and therefore don't want to take the risk of finding themselves outside it. As far as they are concerned they see no reason why they should take any further investment risk, so the longer we wait and the longer we dither, the more reasons we give for others to go elsewhere. It is not so much whether your view is pro or anti, but rather the need to just finally make up our minds!

So a referendum is likely to be sooner rather than later, but of course that will depend upon any deal that the Prime Minister can get with our EU partners.

This then directly leads us to the **second Union** battle, and that of course is the battle for the Union of the Conservative party. From a small cabal of Mr Major's now often quoted "bastards" back in 1993, it is understood that the fervent anti EU members have grown quite significantly in numbers. Although a couple crossed the floor over to UKIP, only one, Douglas Carswell, survived the election, with Mr Reckless no doubt regretting his somewhat "reckless" decision to have jumped ship too early. Now however the anti-European Conservative MPs will be sharpening their teeth as they will no doubt have realised their potential power with such a modest Commons majority. From some with reasoned views, to others described as "swivel eyed loons", they have the opportunity to make the Prime Minister's euphoria dissipate all too quickly into a repeat of the horrors that the Major administration suffered - even though he had a larger majority. These members are in effect UKIP-Lite, and may mean that Mr Cameron may have to rely upon others for any more pro-European stance if any vote is to be won in the House regarding anything to do with the EU. Some have compared this potential split in the Tories to the actual schism that occurred under Sir Robert Peel and the repeal of the Corn Laws in 1846. As a conservative Prime Minister Sir Robert Peel was only able to achieve the repeal with the support of the opposition Whigs in Parliament, but in the process had to overcome the opposition of most of his own party - resulting in it being riven for some years. Many critics said he was a traitor to the Tory cause, or "a Liberal wolf in sheep's clothing" because his final position reflected more "liberal" ideas. Is Mr. Cameron the new Sir Robert Peel?

Then we come to the battle for the **third Union**, and that of course is the Union of Great Britain and Northern Ireland. The virtual annihilation of the opposition parties north of the Border was an astonishing result. However with a "plaid wash" across the nation, this is going to create a high level of expectations amongst the enthused voters. Populism is a dangerous partner as this year's adored idol can easily become next year's false god. Now Ms. Sturgeon has another election to win in 2016, and no doubt she would like to carry the wave of nationalism into that vote as well. However as true devolution starts to ensure that with financial expenditure comes financial responsibility, as tax raising powers mean that the voters will realise that the tax is being ordered, raised and levied by Holyrood and no longer by Westminster.

The current situation means though that for the moment the Nationalists rule the roost north of the border, and thus it is for the Prime Minister to tread carefully to ensure that the Union is not to be lost. At some stage there will be another referendum, but hopefully by then the realism that falling oil values and falling carbon fuel production is making a fully independent Scottish nation, although still a viable state, a financially far weaker one than as part of the Union. It is to be hoped that time can take the emotion out of such a sensitive issue and ensure that economic value and logic overcomes misplaced populist pride - a clearly different stance from the pride of a nation with a great history and a great future.

Behind all of this though we should also remember that David Cameron has previously announced that this was going to be his final term as Prime Minister. The effect of this won't necessarily be immediate but rather as the weeks pass his influence as leader will ebb away as future power masters in the party start to vie for support in the upcoming leadership campaign. This will mean that he will increasingly become a lame duck leader with even less control over any of the "revolting" members of his party. It reminds me of a line from the musical Evita - "dice are rolling, knives are out, would-be presidents are all about". This won't be a pretty sight especially as the Tories don't have a good reputation for such changes - there will be much bickering and bitching in the Junior Common Room.

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**And finally...**just how dumb can bank robbers be? Well after the dramatic heist in Hatton Garden you would think that the calibre of bandits had been on the up - well maybe not, as we hear that a suspected Virginia bank robber decided to post online his videos of his heist and a photo of his note asking for \$150,000 (£98,526) just before his arrest.

The suspect, Dominyk Antonio Alfonseca, 23, of Norfolk, walked into Towne Bank in Virginia Beach and handed the teller a note asking for the money, police said in a statement. Alfonseca left the bank and immediately posted on Instagram two videos of the teller loading bills into a bag, and one photo of his robbery note, according to the Virginian-Pilot newspaper.

Alfonseca was arrested 22 minutes later. Police would not discuss details and said the investigation was ongoing. He was charged with one felony count of robbery. Alfonseca told the newspaper he was innocent because he did not demand or steal the money, but asked for it politely and said "please."

There are some occasions when please is just not enough.

Have a good week.

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