

# Getting the economy growing faster

Too much navel gazing about Brexit is crowding out time and space to discuss how we should respond to the worldwide slowdown in growth, to the recession in parts of the European continent, and to the need for policy change here to stimulate more enterprise, jobs and higher living standards.

In the USA, UK, Euro area and China the Central Banks have been tightening. Money and credit growth slowed markedly in 2018 especially in the UK. The US had rate rises and reduced Quantitative easing, but there was a big offset with the large tax cuts the President put through the Congress. Money growth fell off late last year. This year the Fed has reduced its QE cancellation rate and signalled a softer approach, leading to some rebound in money growth and a big rally in share markets from relief.

In the UK we had two rate rises, the cancellation of special loan facilities for the commercial banks, no more QE and tough guidance on consumer credit, on top end mortgages and car loans. Money growth halved. UK tax policy has been hostile to property and to cars, with big hikes in Stamp Duties on numerous transactions, and in Vehicle Excise Duty deterring purchases of new vehicles. UK fiscal policy has also tightened considerably, and this year there was an additional substantial further tightening from an unplanned extra cut in the deficit.

In China a doubling of car purchase tax to 10% and a credit squeeze brought down their car market and added to the slowdown induced by tougher money policies. In the Eurozone they ended Quantitative easing, continued to battle under reserved banks and hit the car industry with new emissions regulations. The gilet jaune protests damaged French sales and growth. Italy moved into recession. Germany had a fall in GDP in Q3 with no growth in Q4.

In such conditions with slowdown in our major trading partners around the world the UK should be taking sensible measures to promote expansion. Inflation is below target and unlikely to become a problem any time soon. The government should cut Stamp Duties. The present rates are reducing the revenues and have caused quite a shortfall compared to Treasury and OBR forecasts. The government should take VED back to pre 2017 budget levels to reduce the tax on buying a new car. Business rates on the High Street should be cut to help retailers. VAT should be removed from green products and domestic fuel, helping keep inflation down. The Bank of England should announce new good value loan facilities for commercial banks wanting to on lend for new business and growth. It should remove its special strictures against car loans as there is no evidence of credit danger threatening the system. It should state, as the Fed has now done, that it will be patient before any rate rise, and will want to see evidence of faster economic growth and a decisive upturn in money growth before a rate rise. This should all happen whatever we do on Brexit.

Let us assume we leave on 29 March without signing the Withdrawal Agreement which is what will happen unless Parliament legislates to delay or stop

Brexit or legislates some Withdrawal Treaty. The government should then hold a budget in early April to spend the money we will be saving from end March on our net budget contributions. It could spend an additional £12 bn next year on better public services and tax cuts without increasing the deficit. Given the substantial tightening and the low level of the planned deficit I would go further and spend £20bn or half the budgeted £39bn cost of the Withdrawal Agreement in the first year. That would provide a welcome 1% boost to the economy. Our schools, social care and public security budgets all need more, whilst selective tax cuts could boost home buying, cars, green products and the High Street if we cut VED, Stamp Duty, Business rates and VAT. Some of these tax cuts would yield more revenues as they are currently stifling business.

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## The endless pessimism of Remain MPs

I have never known so many MPs be so pessimistic and so lacking in enthusiasm for anything about our country, our people, our ambitions and our opportunities. It is as if they are in some kind of trance, trotting out EU propaganda and Project Fear scare stories as if no-one had heard them all before, and as if they were about to change Leave voters minds. We did not believe them the first time we heard them, and we still do not believe them.

It is also disappointing that Remain MPs elected to improve the living standards and lives of UK voters have so little confidence in the abilities of the UK to govern ourselves and to raise living standards by our own efforts and by good policies. Opposition MPs seem to think all good standards require an EU law to set them out, as if we cannot pass laws we are proud of for ourselves. They are desperate to give away as much of our money as possible to the EU and refuse to examine the outrageous vague overinflated and long lasting financial pledges in the draft Withdrawal Agreement.

They make endless repetitious speeches around a few tired soundbites.

They tell us leaving without a deal would be “catastrophic”. When you ask why and how, there is no solid response as it would not be a catastrophe. The best they can do is to say we will be starved of food and medicines, as if the UK was about to mount a blockade of our own imports to deny our shops and customers access to the products the rest of the world still wants to sell us. No main EU supplier has said they want to terminate their contract, and no-one has explained what blocks we will create at our ports to stop the goods coming in.

They tell us we will be leaping off a cliff if we leave without a deal. If you ask how and why again there is no factual or sensible response. They sometimes say Just in time supply chains would be disrupted. If you ask how and why there is no sensible response because they will not be disrupted. They seem to think EU trade is friction free, which it is not, and that non

EU trade is impossible. In practice there are mixed supply chains for manufacturing in the UK, with materials and components coming in from EU and non EU. If they are all under rest of the world terms after Brexit it will work fine. They seem ignorant of Intrastat declarations, of food and animal inspections and the other features of current EU trade. They ignore the old fashioned and worrying paper and wet stamp system written into the Withdrawal Agreement which would slow things down badly and is worse than the WTO system we use for non EU trade today.

They tell us there is a genuine Irish/Northern Irish border issue. They seem unaware of the fact that it is today a complex international border. It requires changes of VAT, Excise, and currency. It has collaborative systems both sides of the border to combat terrorism and smuggling. If there have to be customs paid they will be paid electronically away from the border as VAT is today. If there need to be other checks on goods they too can be done away from the border. Most will be done as today at factories and farms before shipping product, with electronic manifests providing the necessary detail, and or at arrival at the warehouse or store taking delivery.

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## Another pro Leave Minister resigns

We heard a lot about the need to keep three dissident pro Remain Cabinet members in the government to justify the change on possible delay. Meanwhile yet another good Minister from the Leave side understandably felt he had to resign given the continued drift of policy away from our Manifesto. This repeats the pattern so far.

Not a single pro Remain Cabinet Minister has resigned. The PM has instead lost from the pro Leave side a Foreign Secretary, two Brexit Secretaries, and a Work and Pensions Secretary from the Cabinet because they did not see the Chequers proposals and the Withdrawal Agreement as compatible with the Manifesto pledge to leave. The government has also lost two Brexit department Ministers, a Northern Ireland Minister and now a Fishing and Farming Minister from the Leave side. There have been 15 resignations from PPS and Vice Chairmen of the party roles as well from the Leave side. 23 resignations over the same policy is trying to tell the government something, and shows how important this matter is that so many will give up interesting jobs they wanted to keep to make their point. I doubt there has ever been a policy in British history that has caused so many people to resign, without generating the necessary change of policy being sought.

The latest loss of George Eustice is a serious blow to the government. George is well versed in agricultural and fishing matters and was piloting through important changes for those industries so they can do better once out of the EU. He has been both patient and willing to compromise to help the government, but now rightly feels there has been too much drift away from

the Brexit we set out in the 2017 election. He will be a welcome addition to the backbench campaign to secure a proper Brexit, but is a further shift of expertise and talent from the government to the backbenches.

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## **Reply from Heathrow Airport about the impact of excessive aircraft noise**

**I have been in correspondence with Heathrow Airport about the impact of excessive aircraft noise on behalf of constituents. I enclose a copy of the reply I received from them:**

Dear John,

Thank you for your email. As you will be aware, Wokingham is mainly overflowed by arrivals when the airport is on easterly operations (i.e. when the wind blows from the east) when making their way from Heathrow's holding stacks before joining the final approach to the airport. After experiencing a prolonged period of westerly winds last weekend's change to easterlies may explain why you and your constituents have noticed more aircraft. I wish to assure your constituents that the overall pattern and heights of Heathrow's air traffic have not changed for many years.

There are currently no defined routes from Heathrow's holding stacks to the final approach, although flights follow a similar broad swathe. However, your constituents may be interested to know that as part of Heathrow's expansion proposals we are seeking feedback on our plans for 'airspace alternation'. By alternating our airspace, we will be able to provide respite for communities further away from the airport as well as those closer in. In January we launched our Airspace and Future Operations public consultation which gives residents the chance to have their say on this topic, along with other topics, so I would encourage your constituents to respond. The consultation is open until 4 March 2019. More information can be found on our dedicated Heathrow consultation website here: <https://www.heathrowconsultation.com/>.

I hope that this is helpful. Should your constituents have further questions then they are very welcome to contact our Community Relations team directly on 0800 344 844 or by email [noise@heathrow.com](mailto:noise@heathrow.com).

Kind regards,

Connor  
Community Relations Manager

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# Delay and the European Parliamentary elections.

I see no point in delaying our exit from the EU. I have never understood why we would be able to strike a good deal after March 29 if we were unable to strike a good deal in the 2 years 9 months of delay so far in implementing the decision of UK voters. Leave voters expect Parliament to implement the decision, not to seek out ways to undermine , delay or cancel it.

Yesterday the President of France and the Prime Minister of Spain both seemed opposed to the idea of delay in Brexit. France might consider it if the UK had changed her mind about leaving and now wanted a second referendum. Mrs May rightly continues to rule that out. Neither favoured a delay or further negotiations about the draft Withdrawal Agreement. Spain like Ireland strongly believes the Irish backstop has to stay in place unless and until both the EU and the UK agree it can be removed.

There is a general briefing line coming out of Brussels that any delay could not be longer than two to three months anyway. They argue that the UK will cease to be represented in the European Parliament from 2 July when the newly elected Parliament takes over. The UK is not planning to field candidates, and the EU has decided to redistribute some of the UK seats to other countries and to abolish the remainder. If the UK is not in the Parliament it cannot legally be a member of the EU as it is no longer represented in the body that is an important co legislator with the Council, responding to the agenda and draft laws of the Commission.

Mrs May has always made clear the UK will not be contesting the next European election. It is a good fortune that the old Parliament expires shortly after the official date for Brexit. There have been no moves from rebel MPs in Parliament to seek to reinstate UK candidates or UK seats, which would of course require the consent of the EU. Whilst nomination papers do not have to be in before April, some party campaigns have already begun on the continent and parties are preparing for the new distribution of seats resulting from the UK's departure. The longer the UK leaves wanting to fight the election the more unreasonable it would be to other EU members to seek to join in when others have planned their election campaigns around the configuration of the Parliament without the UK.

I assume neither the Labour nor the Conservative parties will be wanting us to contest the EU elections. Were they to do so it would create great anger amongst the Brexit supporters in the country who would see it as breaking promises to leave. It would create ideal conditions for pro Brexit parties to do very well at the expense of traditional parties.

Delay would make the UK look weak. It would increase and prolong uncertainties. It would invite the EU to demand even more concessions. The UK always said No deal is better than a bad deal. If you issue such a statement you have to be prepared to carry it out.