

The Treasury keeps the UK under the control of EU austerity policies.

The UK solemnly goes on complying with all requirements on a member state of the EU. This year they dutifully filed their "2018 National Reform Programme and their 2018 Convergence programme". The Treasury has long accepted the EU's demands that we keep throttling back the deficit and move to getting down the debt as a percentage of GDP. There are times when the EU are right about this, but at issue is who makes such a judgement and who actually runs our economic policy? The EU has overdone the austerity in some cases causing more unemployment and lost output than needed. Mr Osborne turned this into the keystone of his economic policy and claimed it as his own, but it was just the UK version of EU economic policy which we were obliged to follow by being members.

The EU duly marked our homework this year and concluded formally "The Council is of the opinion that the UK needs to stand ready to take further measures as of 2018-19 to comply with the provisions of the Stability and Growth Pact". Presumably seeing that this would go beyond our membership, they mentioned in the supporting text the possibility that we will stay in for another 21 months transition when they would expect this policy to continue to be binding. The Council has instructed the Treasury to keep the nominal growth rate of public spending down to a maximum of 1.6%. That is a real terms cut at current inflation rates.

I want the UK Treasury to step aside from the long shadows cast by the European Semester and to announce a new budget strategy for the years ahead following our departure on 29 March 2019. We need a policy which is kinder to growth and to public service provision than the EU strategy has proved. The PM has said she is ending austerity. This is incompatible with following EU rules beyond next March, and depends on getting our money from the EU to spend at home.

Let's grow and rear our own great English breakfast

In my speech to Parliament on the Second Reading of the Agriculture Bill I will ask the Secretary of State to improve his Bill. It should have at its centre the provision of laws and government policies that support growing food at home, and promote more UK output. Mr Gove presents himself as a champion of the environment. What better cause than to grow more food at home, slashing food miles and taking care of our countryside for a useful

purpose at the same time. It will bring big carbon savings on transport, refrigeration and storage.

During our time under the control of the EU Common Agricultural Policy we have watched as we have become more and more dependent on food we could produce for ourselves coming in as imports from the rest of the EU. Meanwhile food we cannot grow for ourselves faces substantial tariffs from non EU sources, with no benefit to us.

So my questions are

Will he put food production at the centre of his Bill? Why is he relaxed that the Great English breakfast often has Danish bacon, continental pork sausage and Dutch tomatoes? Why does traditional English roast beef often use imported beef with Spanish and Dutch vegetables? Can't we do these things for ourselves again?

Will he with the Trade Secretary publish now the schedule of tariffs the UK will impose on the rest of the world including the EU on 30 March 2019 if we leave then, or at the end of the Transition period if we reach an Agreement? Will he cut the tariffs on non EU products we cannot grow for ourselves? Will he set a sensible tariff on worldwide temperate produce, which can be lower than current EU tariffs as we will be levying on rest of EU produce as well?

Will he examine how the current EU subsidy levels could be better spent to reward those farmers who boost output and productivity as well as dealing with environmental concerns?

[Why do so many in the media ignore the most important points about our economy?](#)

The UK establishment media are usually slaves to Treasury spin and Bank of England error.

Throughout the Osborne years as Chancellor we were told the main thrust of economic policy was to bring down the deficit. 80% would be achieved by spending cuts and 20% by tax increases. I set out regularly from the Treasury's own figures that public spending carried on rising in total in cash terms, and edged up a little after allowing for inflation. In normal language this meant 100% of the large deficit cut achieved relied on a very big increase in tax revenue. Some of this increase came from higher rates, particularly on VAT, and some from lower rates on higher incomes which generated substantial extra income for the state. It was of course true that some programmes suffered from actual cuts, and areas like the NHS and schools

with no real cuts were squeezed more than under previous budget plans. It was also true that areas like Overseas Aid and EU contributions marched remorselessly upward. The Chancellor sought to gradually relax the tough controls and cuts Labour had imposed on capital spending towards the end of its period in government as it wrestled with its huge deficit.

More recently last spring I highlighted the addition of a monetary squeeze to the fiscal squeeze going on and predicted this would lead to slower growth. That duly happened. The tax attacks on housing in the 2016 budget and on cars in the 2017 budget meant these areas suffered especially. I have yet to hear or see interviews asking why we need a combined monetary and fiscal squeeze, or even much acceptance that this is what is happening. This slowdown has nothing to do with Brexit. The economy performed well for the first nine months after the vote, when the official forecasts predicted an immediate collapse and a recession in winter 2016-17 which did not of course happen.

There have been too few examinations of how the UK establishment so misjudged the adverse impact of joining the EEC, misjudged the dreadful impact of the European Exchange Rate Mechanism, misjudged the Euro ignoring the obvious structural weaknesses which led to a series of Euro crises, misjudged the banking boom and bust and most recently misjudged the impact of a Brexit vote. One golden strand, which in their hands turns out to be base metal, links them all. Any economic project which comes from the EU is always favourably rated, and is usually bad news. Remember the "golden scenario" they said the Exchange Rate Mechanism would bring about? Or the huge extra growth that the Euro would foster? When you look at economic history you discover that a scheme which could be good for jobs and growth has usually been at best disappointing and at worst downright hostile to progress.

[More money for social care](#)

I have been lobbying for more money for social care for both West Berkshire and Wokingham. We are the bottom end of the grant levels and have a high cost area for making provision. I was therefore pleased to hear the Health Secretary offer an additional £240 million and have asked for details. He has not yet published the list of allocations by Council area.

[Interest rates, savers and borrowers](#)

Many people over 50 have money on deposit. They would like interest rates to go up. Some retired people think it is unfair that they have been prudent,

not spent all they earned, and now find tiny returns on the cash they put by to supplement the pension.

Their children and grandchildren may see it differently. Lots of people in their twenties and thirties think house prices are too high and think they cannot afford to buy. This generation of twenty somethings has more graduates and higher wages than previous generations, but a lower percentage of home owners than their parents at the same stage.

So what is the right answer on interest rates? To keep them low for a bit longer. There is no great inflationary pressure to worry about. The UK government is pursuing a fiscal squeeze and keeping taxes very high, so higher rates as well would be damaging overall. It would redistribute a bit from young to old which we do not need to do.

Relieving the pain of higher taxes would also help. Take down the cost of buying a home by cutting Stamp Duty. Cut business rates which are worsening the pressures on traditional businesses. Upward only rent agreements for shops are being overthrown by market forces, by renegotiation and by bankruptcies and financial restructurings. Business rates remain obstinately high and rising.

These judgements are always a difficult balance between the interests of borrowers and lenders. Past gross mismanagement by Central Banks and the commercial banks they lead and control has made an extended period that favours lenders more of a necessity. Japan had a more spectacular boom and bust crash at the end of the 1980s and is still living with zero interest rates as a result. Japan also has no inflation.

During this period when long term borrowing costs are very low by historic standards, there is a good case for businesses and individuals to borrow more for worthwhile projects and investments. There is also still a good case for shifting borrowing longer where possible to take advantage of still relatively low long term rates. The UK is short of capital investment in a wide range of areas, and needs to press on with substantial new investment in the digital wave, to increase productivity to allow more better paid jobs and to replace future low cost jobs with technology.