Leaving with no Withdrawal Agreement will be better for the economy than signing it

I have been puzzling over why so many commentators think a so called No Deal departure would be a heavy negative for the UK economy.
There seem to be a series of specific fears that are unlikely to be realised e.g.

1 “Planes will not fly on 30 March. “

The overfly rights are under the Chicago Convention which will be unaffected by the UK ‘s departure from the EU. Landing rights are in the gift of member states and will presumably be mutually reaffirmed in time for exit. Airlines continue to sell tickets for post 29 March and do not expect to be grounded.

2. “Just in time supply items will be held up at UK ports, wrecking the factory plans.”

UK ports will be entirely under UK control. There are no plans being made that I have read about to hold goods up for longer. The addition of a customs payment to current VAT and Excise payments and currency changes can be done away from the border from existing compliance filings electronically, with or without a tweak to the computer data. Intrastat declarations are already very comprehensive and mandatory for EU trade. Products meeting specifications under contract will not need new inspection systems on 30 March.

3. “Food imports will be detained by the need for longer and more complex inspections at borders.”

Again there is no need for the UK to impose damaging delays and extra checks, and on imports it is a matter for the UK authorities. Current contracts contain inspection regimes, usually at the farm or processing plants, and product will also continue to be inspected carefully by the purchaser.

4.” Medicine imports will be delayed.”

As with food, things that have gained regulatory UK approval and are on the NHS approved list can be imported as before with similar inspection regimes and verification.

5” Calais will operate a go slow or blockade of UK exports to the continent”

The Calais port authorities have categorically denied this and say they wish to keep the business. Belgian and Dutch ports would like to take market share from Calais and see the need to offer a smooth service.

Making all these things work are in the mutual interest of the EU and the UK and are not controlled in the main by the EU authorities. There is every reason to suppose where they need agreements these can be reached, with a general wish to carry on as before.

There are then the economic arguments.

1" Imposition of customs dues will restrict and damage trade"

If nothing changes but the UK and EU impose EU level tariffs on each other then the EU will collect £5bn of extra customs, and the UK £13bn, given the large imbalance in trade in items that attract tariffs. The UK government could give the £13bn as tax cuts so people on average are not worse off from the higher prices. The high tariffs are almost entirely on food products, where the UK has a balance of trade deficit of £20bn with the rest of the EU. Imposing full EU tariffs is likely to lead to a lot of import substitution from cheaper non EU produce, and to a substantial market share gain by UK farmers. The UK gain in domestic market share should more than make up for losses of exports. There will be a crop cycle of adjustment to new demands. The UK can publish its own tariff schedule once it has left, and has the option of lowering tariffs compared to EU levels, which would mitigate the impact tariffs have on trade. It is difficult to see more than a marginal impact on the UK economy of high tariffs on food. Trade with the rest of the world which has been growing faster than EU trade for the UK would benefit from removing tariffs on products we cannot grow or produce for ourselves, removing small tariffs where the bureaucracy is not worth the trouble, and cutting very high food tariffs somewhat. The UK government has yet to publish a tariff schedule for March 30 for No Deal.

2." There will be a confidence effect"

Presumably most businesses now understand that No Deal is an option, and see that its probability has risen as a result of the poor progress in talks so far and the EU rejection of the Chequers half in approach to the single market and customs union. There was a confidence impact on big business investment plans after the vote, but this did not prevent continued growth at a good rate for the first nine months after June 2016. Brexit voters expressed more consumer confidence after the vote. There were also some large inward investors who went ahead with big commitments, including the purchase of two £1bn plus London office blocks and major commitments to jobs and space in London by the leading US tec companies. If I am right in thinking we will avoid any big problem in the weeks after leaving, confidence should come back quite quickly to those large businesses that are preoccupied by this issue. There has not been the predicted exodus of businesses out of London despite more delay and difficulty in the negotiations than advertised.

3. "The UK authorities will raise taxes and tighten money to deal with the shock"

That would be entirely the wrong reaction and looks unlikely. On exit with no Withdrawal Agreement the UK state has £39bn more to play with over the next three years, and the balance of payments is immediately enhanced by the same amount. The Bank of England actually eased money after the vote, and could do so again were there to be any problems after exit. The Treasury has fire power to spend more and tax less were the economy to slow further.

The economy will get a bigger boost by leaving without a Withdrawal Agreement and spending the £39bn at home. Prolonging exit for 21 months or more prolongs uncertainty, commits us to large extra payments and does not even guarantee a better trade deal.